

Weekend FT

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EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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WORLD NEWS

Hard fight to
expand Kremlin
authority

Soviet president Mikhail Gorbachev, battered by the resignation of his foreign minister Edward Shevardnadze, looked at risk yesterday of failing to win the necessary majority for sweeping new presidential powers.

Presidential advisers have been urgently lobbying for support in the Congress of People's Deputies, where Mr Gorbachev's constitutional plan will need two-thirds backing. Page 22; After Shevardnadze, Page 2

Damage of £1.2m
Hugo Cassel, eight, was awarded record medical negligence damages of £1.2m for brain injuries he suffered at birth in a London hospital.

Belgian court ruling
Belgian judges refused to accept that three IRA terrorist suspects on remand should be released on a technicality. The Irishmen were arrested after guns and ammunition were found in an Antwerp flat.

Orders for airlift
The Israeli government ordered El Al, the national airline, to prepare all available aircraft to airlift Soviet Jews from eastern Europe. Six thousand immigrants are expected this weekend.

SCOTLAND

Yugoslav defiance
Yugoslavia's northern republic of Slovenia is set to defy the central authorities by holding a plebiscite tomorrow. Voters will be asked whether they want Slovenian independence.

Bucharest remembers
Romanians paid to the streets of Bucharest in their thousands to commemorate victims of last December's revolution which toppled dictator Nicolae Ceausescu. Society in search of truth. Page 6

Overnight removal
Albanians in the capital, Tirana, woke to find that Europe's last big statue of Soviet dictator Josef Stalin had been pulled down on government orders.

Wife loses libel case
Sonia Sutcliffe, the Yorkshire Ripper's wife, lost her libel action against the News of the World newspaper and was ordered to pay costs estimated at about £300,000. Page 5

Speedier CFC reduction
European Community environment ministers agreed to speed plans for phasing out the use of chlorofluorocarbons which destroy the ozone layer. They also approved a tax scheme to encourage the introduction of cars which produce less pollution. Page 3

Ordered to testify
Former Greek socialist premier Andreas Papandreou must give evidence in connection with a bank scandal, a special investigator said. Last month the former premier refused to testify.

UN relief work halted
The United Nations was told by the Angolan government to suspend an emergency aid programme for up to 1.8m starving people because attacks by Unita rebels had wrecked an important bridge on the relief route.

Threat to newspaper
Post room staff at The Sun newspaper in London discovered a stick of gelignite and a three-page letter in a padded envelope sent from Australia. Scotland Yard said there was no detonator in the package.

MARKETS

STERLING

New York lunchtime: \$1.8857

London: \$1.8873 (1.9075)

DM2.88 (2.8825)

FF19.7975 (9.7375)

SF2.47 (2.4585)

Y255.75 (257.25)

£ index 92.8 (93.0)

GOLD

New York: Comes Feb

\$384.5

London: \$382.15 (373.75)

W SEA OIL (Argus)

Brent Feb \$25.925 (26.7)

Crude price changes
yesterday. Page 22

DOLLAR

New York lunchtime: DM1.529

FF1.1965

SF1.3122

Y135.55

London: DM1.5252 (1.5006)

FF16.191 (5.105)

SF1.309 (1.280)

Y135.45 (134.85)

£ index 82.1 (61.3)

US LUNCHTIME

RATES

Fed Funds 7 1/4%

3-mo Treasury Bills:

105 1/4

yield: 8.25%

STOCK INDICES

FT-SE 100:

2,164.4 (+5.6)

FT Ordinary:

1,688.4 (+1.2)

FT-A All-Share:

1,039.42 (+0.21%)

New York lunchtime:

DJ Ind. Av.

2,637.13 (+7.67)

S&P Comp:

330.9 (+0.76)

Tokyo close: Nikkei

24,119.8 (-405.34)

LONDON MONEY

3-month interbank:

closing 14% (13.8)

Life long gilt future:

Mar 893 (88.5)

Cher price changes
yesterday. Page 22

BUSINESS SUMMARY

UK trade gap
narrows
to £971m

The trade deficit has fallen to £971m, taking it below £1bn for the second time this year, according to yesterday's trade data for November from the Central Statistical office.

The figures suggest that the UK's export performance is flagging in the recession.

The deficit is at the top end of City expectations but better than the previous month's £1.1bn deficit. Page 22; Details, Page 5

UK equity market continued to move nervously against a background of international uncertainties, with little lasting response to the narrowing of the UK trade deficit. At the close, the FT-SE index was 5.5

points ahead at 2,154.4. London Stock Exchange, Page 13

AWD and ERF, UK's last two independent truck makers which have suffered serious losses this year, have won orders for 2,443 trucks worth more than £1bn from the government of Zimbabwe. Page 22; Lex, Page 22

ELF AQUITAIN: The £200m acquisition of the UK refining and marketing assets of Amoco, US oil group, by the French state-controlled oil group has been referred to the Monopolies and Mergers Commission (MMC). Page 22

BRIDGESTONE: Japanese tyre maker, announced a 50 per cent cut in its 1990 profits forecast from Y260bn (£77.51m) to Y160m, caused mainly by heavier than expected losses at Firestone Tire and Rubber. The US company it bought two years ago for \$2.6bn (£1.34bn). Page 10

COCKERILL: Sambre and Arden, steel producers of Belgium and Luxembourg, called off talks over pooling flat steel products businesses. Page 10

ISOSCELES: A £22m refinancing of the UK company which took over the Gateway food retail group is virtually complete. Page 8

GENERAL ACCIDENT: The Restrictive Practices Court ruled as unlawful a proposed boycott of the Perth-based insurer by The Institute of Insurance Brokers, which represents about 20 per cent of the UK's 4,500 brokers. Page 4

AACHENER und Münchener Betreuung, big German insurance group, has pumped a further DM250m (£107.10m) into RFG Bank, the struggling ex-trade union bank in which it has a 51 per cent stake. Page 10

CHARTERHALL: Administrative receivers were appointed to the Australian-controlled UK holding company for Tamden Shoes, the footwear retailer, and Coran, the textile manufacturer. Page 8

BURMAH CASTROL: lubricants, fuels and chemicals group, won control of Foseco after institutional shareholders voted to accept its £250m bid for the speciality chemicals and abrasives producer. Page 8; Lex, Page 22

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Cheney says force to free Kuwait is increasingly likely

By David White and Victor Mallet in London and Lionel Barber in Washington

AN ALLIED offensive to liberate Kuwait looks increasingly likely because of Iraq's intransigence in the Gulf crisis, Mr Richard Cheney, the US defence secretary, told US troops in the Saudi Arabian desert yesterday.

"It increasingly looks like he [President Saddam Hussein] is not getting the message and we will have to use force to get him out," Mr Cheney said.

His views were echoed by Mr John Major during his first visit to Washington as Britain's prime minister. He said Iraq had to withdraw totally from Kuwait before January 15, the deadline set by the United Nations.

Asked if Iraq would pull out, he said "No". But he also said the door to dialogue was still open.

Hopes for peace talks were revived when Mr Sid Ahmed Ghazali, the Algerian foreign minister, said Iraq was willing to compromise to avert a war. He was in Rome with President Chadli Bendjedid on the latest leg of an Algerian attempt to mediate in the crisis.

"Iraq certainly seeks a peaceful solution and is willing to pay the price for it - but not any price - and it will not accept any settlement that violates its honour," he said.

Italian officials said President Chadli had informed his

hosts that Iraq would be willing to make unspecified concessions on Kuwait as long as it received guarantees that it would not be attacked.

President Saddam, Mr Chadli said, was concerned by the west's suggestions that a settlement should remove the threat to the region posed by Iraq's military might.

Britain's extra manpower for the Gulf is now put at 16,000, bringing total British ground forces to 28,000 and overall UK forces in the region, including sea and air, to 35,000. This includes more than 5,000 medical personnel.

Asked if Iraq would pull out, he said "No". But he also said the door to dialogue was still open.

A small number of Antonov An-124 heavy freight jets have been chartered on a civilian contract through Heavylift, a UK air cargo company, to carry certain large items of equipment.

The reinforcement, including 12,500 vehicles, involves 61 shiploads in addition to the 42 needed for the original deployment. Ships of at least 15 nationalities have been chartered at commercial rates.

Irish doctors, Page 3

WPP cancels interim dividend

By Alice Rawsthorn

THE SHARE price of the WPP Group, the troubled marketing services group, tumbled yesterday by 11p to 55p, when it announced it would not be paying the interim dividend proposed to shareholders in August.

The company, which is suffering from the slowdown in the US and UK advertising markets, also confirmed that it has begun discussions with its banks to restructure its £215m debt. These discussions are expected to cover the possibility of relaxing WPP's loan covenants and increasing its working capital facilities.

WPP is now finalising the 1991 budgets for its subsidiaries, which include J. Walter Thompson, Ogilvy & Mather, two of the world's largest advertising agencies. WPP said that so far there has been no evidence of a deterioration in the performance of its operations since last month's profits warning.

The board has, however, decided to conserve cash by withdrawing its proposal to pay an interim dividend. Originally, it intended to raise the interim dividend by 21 per cent

to 12.7p. It now seems unlikely that it will pay a final dividend.

WPP, advised by Samuel Montagu, its merchant bank, is now in negotiations with its banks, led by J. P. Morgan, to restructure its debt. This year's fall in projected profits means the group will have a net outflow, rather than an inflow, of cash in 1990 and net debt will have risen to £215m by the year end, rather than the £220m originally expected.

The company is still operating within the terms of its banking covenants - this year's interest cover should be 3.2 times against a covenanted minimum of 2.5 times - but there is a risk of breaching the covenant next year.

WPP said its main banks had "reaffirmed their support and commitment" and that it was "confident that suitable arrangements will be successfully concluded in the near future".

The issues under discussion include the relaxation of WPP's covenants, the extension of its loans and an increase in working capital arrangements.

THE US dollar emerged yesterday as the main beneficiary of Thursday's surprise resignation of Mr Edward Shevardnadze, the Soviet foreign minister.

SOVIET UNION AFTER SHEVARDNADZE

Resignation ignites debate on dictatorship

By Quentin Peel and Leyla Boultou in Moscow

RUOMRS that the Soviet Union is facing the possibility of a reactionary coup have been turned into a genuine political debate by the dramatic resignation of Mr Eduard Shevardnadze, the foreign minister.

The Congress of People's Deputies, the national super-parliament where Mr Shevardnadze dropped his bombshell accusation of looming dictatorship, was yesterday divided into opposing camps.

Those who might favour harsh right wing measures to tackle the growing national disorder deny that dictatorship is in the offing. Those who fear it, are convinced that it is about to happen. If the process is not already under way.

"We are facing a creeping coup d'état," Professor Vladimir Chernyayev, an economics professor from Kiev, told a sceptical congress yesterday. "Reactionaries, conservatives and imperialists have joined forces and turned on the offensive." At the head of this coup d'état is Mikhail Gorbachev. Maybe he doesn't know it. But by demanding ever new powers he creates the legal basis for a dictatorship."

On the other hand, General Mikhail Moiseyev, chief of the Soviet general staff and deputy defence minister, denied anything like it was in prospect, and nor did the country need the declaration of a state of emergency.

Gen. Moiseyev was one of the leading signatories of a direct appeal to President Mikhail Gorbachev this week, urging him to use his presidential powers to impose states of emergency on zones of conflict. But he insisted that the powers should only be used in a limited way. As for Mr Shevardnadze's resignation, he said: "I am very sorry he has done this at such an inappropriate time, when we need to be discussing more important tasks facing the congress."

US and Europe divided over further aid to Soviet Union

By Lionel Barber in Washington

A SPLIT is emerging between the US and its European allies over whether to offer further economic aid to bolster the flagging reform process in the Soviet Union.

Though shaken by the resignation of Mr Eduard Shevardnadze, the Bush administration is resisting French and German arguments that the Soviet foreign minister's departure lends urgency to a new aid package.

Soon after Mr Shevardnadze's departure, both Mr Hans-Dietrich Genscher, the German foreign minister, and Mr Roland Dumas, the French foreign minister, issued appeals for further western assistance to save perestroika.

Mr James Baker, US secretary of state and the driving force behind Washington's more accommodating foreign policy stand toward the Soviet Union, was openly hostile to the idea.

"I think we have taken very, very substantial steps to assist the reformers in the Soviet Union," he told reporters, just hours after hearing of Mr Shevardnadze's resignation.



Col. Victor Alkinsis: a founder of the right wing Sotuz group

system must be supported, as a transitional phase to a market economy.

The danger, the market radicals argue, is that the ultimate goal will vanish into the future. The Soviet leader has also turned to rely increasingly on the support of conservatives in the military, the KGB and the Communist Party. The question raised by Mr Shevardnadze is where the line can be drawn between genuine conservatives, and outright reactionaries wanting a return to one-party autocracy.

Mr Nursultan Nazarbayev, president of Kazakhstan, and one of those demanding that the republics, not Moscow, should dictate the shape of the future union, said: "He is greatly exaggerating, but the economic problems are serious." In his speech to the congress, he broadly supported stronger presidential powers, but in more federal system.

Professor Chernyayev, speaking for the nationalists of the Ukraine, said he could not understand why President Gorbachev failed to see that it was through republican sovereignty, through genuine devolution of power, that the current crisis could be resolved.

On the other hand, Mr Anatoly Sobchak, the mayor of Leningrad, and one of the radical reformers backing stronger presidential powers, did agree yesterday that there was a real danger of dictatorship. "I think this warning is more serious," he said. Unless the central government and the republics signed an economic agreement by the end of the year, "dozens and then hundreds of enterprises will close and all of us, democrats, radicals and conservatives, will go bowing to the military and beg them to come and help us." He said attempts were already under way to discredit democracy, and the people were already losing faith in its ability to solve their problems.

In recent weeks Mr Gorbachev has made regular concessions to those who believe that the old centralised economic

Or will they be used to prop up the old state-run economy as a less threatening alternative to market reforms? Will they be used to impose law and order swiftly and briefly where ethnic disturbances break out?

Or will they be used, as the Baltic deputies fear, to suppress legitimate nationalist movements seeking secession from the Soviet Union?

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Primakov at the Congress of People's Deputies yesterday

Primakov tipped for foreign minister

By Quentin Peel

IF Mr Eduard Shevardnadze cannot be persuaded to retreat from his resignation, then the man most widely expected to succeed him is Mr Yevgeny Primakov, former journalist, commentator, Middle East expert and academic.

It is a change which may well worry Washington.

Mr Primakov is 61, urbane and well-travelled, with a wide knowledge of international affairs, especially of Asia and the Middle East.

In the past three years he has become a close adviser to Mr Gorbachev, first as chairman of one chamber of the new Supreme Soviet, a key operator in guiding new legislation through the parliament, and then as a full member of the

Presidential Council. He is also a competent broadcaster, a familiar sight on television firmly supporting the Gorbachev line on the need for nationalisation and denouncing what he calls "the frenzy of pseudo-democratic sentiments".

Yet he is one of those figures in Soviet public life, and particularly in the Soviet foreign affairs community, who have made the transition from prominence under the old regime to prominence under the new. He was an able and forceful spokesman for Soviet foreign policy under Brezhnev. Now he is an able and forceful operator of Soviet policy under Mr Gorbachev.

His other potential disadvantage in western eyes is that he is a considerable Middle East specialist, with his contacts steeped in the years of superpower confrontation in the region.

He was a roving columnist and deputy editor of Pravda, the Communist Party newspaper, throughout the 1980s, covering Asia and Africa. After returning to academic life at Immo in 1970, rising to become deputy director. All his main publications have been on the Middle East, one earning him the Nasser Prize in 1975.

His Middle East expertise was one reason for American disquiet when, in the autumn, he was despatched by Mr Gorbachev as a roving envoy to search for a peaceful settlement to the Gulf crisis.

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Israel orders airlift of immigrants

By Judy Maltz in Jerusalem

THE Israeli government yesterday ordered the national airline, El Al, to prepare all available planes for transporting Soviet Jews from transit points in eastern Europe. Fifteen planes carrying 6,000 immigrants are expected in Israel this weekend.

A sharp increase in numbers wanting to emigrate is expected following the resignation of Mr Eduard Shevardnadze.

Recently, the number of Soviet immigrants arriving each day has ranged between 500-1,000.

Mr Binyamin Netanyahu, the deputy foreign minister, said yesterday immigration over the next year could double to one million, amid fears that the Soviet Union might once again restrict emigration.

"If, in fact, the Soviet regime collapses, as Mr Shevardnadze predicted, I don't rule out a sharp increase in Soviet immigration. In other words, if we had planned on half a million immigrants in the coming year, a radical change in the Soviet Union might mean a doubling of that number," said Mr Netanyahu.

A record 160,000 Soviet Jewish immigrants are expected to arrive in Israel by the end of this year. A sharp increase in the pace of immigration would undoubtedly strain the economy, particularly in the areas of housing and job creation.

There are further anxieties. It was pointed out in Bonn yesterday that Moscow had not yet ratified the 2 plus 4 agreement on the external aspects of German unity, although the Foreign Ministry is confident it will be ratified in February.

The Bonn Government yesterday regretted the resignation but welcomed the announcement that Soviet foreign policy would not change.

It also said it was convinced that further aid to help Soviet reforms was the only answer.

The opposition Social Democrats said the same.

Some newspapers commentators claimed that by not doing enough the west was partly responsible for Mr Shevardnadze's resignation. An article in the influential Die Zeit, however, questioned whether the Soviets were doing enough to help themselves and claimed that the Soviet defence budget is rising not falling and that the military is producing five new types of inter-continental missile.

It did not respond officially to the resignation of Mr Shevardnadze, who backed Washington in the Gulf crisis, but newspaper reports showed Baghdad's displeasure with his support for the US.

Apart from a passion for re-

conciliation with a victim of Nazi aggression, and gratitude for Soviet agreement to re-unification, Bonn has a more practical interest in stability: there

are still 2m Soviets of German descent who have a right to settle in Germany, 150,000 of them have already done so this year.

If full freedom to travel is allowed several million more Soviet citizens may be knocking on the door of Germany - a country which has become a symbol of wealth and hope.

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Shevardnadze redeems himself among Georgians

By Leyla Boultou in Moscow

IT is unlikely that Mr Eduard Shevardnadze will be heading back home for a quiet retirement in his native Georgia. There he is known as the father of Georgia's current president, as the former leader of a party which has all but collapsed, and as the representative of Soviet power when independence is now the battle cry.

"There will be no grave for Shevardnadze in Georgia," said Mrs Gamsakhurdia, put in an interview before her husband, Zviad, was elected president with a landslide majority last month. "He is a traitor."

Indeed Georgia today is very different from the place Mr Shevardnadze used to run as Moscow's man. Instead of a tightly-run communist Utopia, it is now a powder keg of political activity and nationalism.

President Gamsakhurdia, sentenced to three years in jail for dissident activity under Mr Shevardnadze's regime, has lost no time in trying to begin carrying out his promises of an independent Georgia. He has also been ruthless in dealing with internal ethnic problems.

He even told the 26th Communist Party Congress in 1981 that for Georgia, the sun rises not in the East but in the north, in Russia - the sun of Lenin's ideas.

A grandfatherly figure with a tired, kindly face - his grand-daughter has been seen strolling all around band in hand with the US ambassador's secretary - Mr Shevardnadze's respected international image has no currency at home.

But his resignation on Thursday in protest against the offensive of dictatorship has done more to boost the 62-year-old Communist's image back home more than anything else he could have said or done. While politicians in Moscow suddenly started referring to Mr Shevardnadze's "typically Georgian" sense of honour, many of his compatriots may have decided he has redeemed himself.

"Gorbachev betrayed him. He left in good time," said Clara Abramishvili, a Georgian journalist in Moscow who openly professes deep admiration for the man. She believes Mr Shevardnadze knew that President Gorbachev planned to remove him from the job of foreign minister, and propose him for a

newly-elected Georgian president.

"There is no such thing as socialism with a human face. It can only be socialism with a human mask and that mask is falling off," the Lithuanian said. "Shevardnadze sees it but he doesn't understand why. What he accomplished yesterday was simply a logical consequence of the Soviet system."

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FINANCIAL TIMES WEEKEND DECEMBER 22/DECEMBER 23 1990

INTERNATIONAL NEWS

EC speeds up plans to phase out use of CFCs

By David Gardner in Brussels

THE European Community yesterday speeded up its plans to phase out the use and production of ozone layer-destroying chlorofluorocarbons (CFCs).

It also approved a tax incentive scheme to accelerate the introduction of more advanced catalytic converters in cars than the ones which late Thursday night it bound member states to start using by 1992.

EC environment ministers agreed unanimously to cut by 85 per cent the amount of CFCs produced within Community borders by July 1, 1995, and to phase them out altogether by mid-1997.

This is 2½ years ahead of the date to which the EC committed itself under the so-called Montreal Protocol, which was affirmed at June's environment summit in London. Ministers also mandated

the European Commission to examine interim taxes on CFCs – chemicals widely used in cleaning products, refrigeration and air conditioning – to inhibit their use even more quickly.

There will be temporary exemptions for medical aerosols which need CFCs, such as asthma inhalers. Related products with even greater ozone depletion potential like carbon tetrachloride will also be phased out, except as a controlled feedstock for CFC substitutes.

Ministers had been unable to agree this measure at a late-night council in October.

Yet in a display of green Yuletide unanimity, they yesterday strengthened it significantly by agreeing on tax incentives from 1994. This will enable the Community to progress more quickly to the even stricter standards due to be brought in two years later.

The new car emission standards agreed by the ministers, by contrast, are an attempt to catch up with, and eventually surpass, current US standards.

All new cars will have to be fitted with three-way catalytic converters by January 1, 1993, while new models will have to comply five months earlier.

This will reduce average car pollutant emissions – such as carbon monoxide and oxides of nitrogen – by about three quarters.

Ministers had been unable to agree this measure at a late-night council in October.

Yesterday's temporary settlement from one year of three farm disputes that currently mar trade relations between the two. The move was also expected to facilitate attempts aimed at getting the world trade talks going again.

NEWS IN BRIEF

EC makes concession on farm trade

The European Community yesterday decided to grant the US a one-year extension of compensations for reduced corn exports into Spain and Portugal, avoiding a costly transatlantic trade war, AP reports from Brussels.

The 12 EC member states approved without much discussion the concession proposed by the Commission, which was aimed at averting US retaliatory measures.

Yesterday's temporary settlement from one year of three farm disputes that currently mar trade relations between the two. The move was also expected to facilitate attempts aimed at getting the world trade talks going again.

Embargo broken

The US embassy has given Bonn a list of 50 German companies suspected of breaking a UN embargo against Iraq, Reuters reports from Bonn.

Mr Dieter Vogel, the government spokesman, said the list was submitted this week, but gave no details on what products had allegedly been shipped to Iraq.

Mr Vogel said an initial check of the companies failed to uncover any evidence of violations of the UN embargo.

Record harvests

There were record cereal harvests in many parts of the world in 1990, but famine still threatens parts of Africa, the head of the UN Food and Agriculture Organization said yesterday, AP reports from Rome.

For the first time in four years, the world will produce more food than it consumes and can begin to replenish cereal stocks," said Mr Edouard Saouma, director-general, in his annual end-of-year speech.

But the rural factions have not yet agreed on the implementation of the plan. The Phnom Penh government, in particular, is unwilling to hand over such powers to the UN.

Mr Hun Sen, the Phnom Penh prime minister, said on his arrival that a UN role was necessary but should be strictly limited.

Mr Dumas warned that the international community could not be expected to concentrate on the war-torn country indefinitely; other priorities would call for attention.

Yesterday's meeting involved the members of the Cambodian Supreme National Council, which brings together all the Phnom Penh government.

French trade deficit narrows

By William Dawkins in Paris

FRANCE'S foreign trade deficit beat market expectations to narrow sharply for the second month running in November.

Last month's seasonally adjusted trade gap of FFr16.0bn (261.4m) compares with the FFr16.7bn published in October, according to provisional figures released by French customs yesterday. This brings the shortfall for the first 11 months of the year to FFr43.6bn, slightly lower than last year's FFr43.8bn.

November's improvement is a sign of the slowdown in the French economy, shown in a drop in demand for imported goods, but also reflects the nat-

ural irregularity of French industrial trade, said Mr Robin Hubbard, chief economist for Paribas Capital Markets Group.

He estimates that the underlying trend is still for a FFr4bn to FFr5bn monthly trade deficit, indicating that the full year shortfall could come out at around FFr45bn, slightly more than last year's FFr43.8bn.

"Given the increase in oil prices, that is a reasonable performance," he said.

Exports fell 1.6 per cent in November to FFr100.2bn, from FFr101.2bn the previous month, while imports dropped more sharply, by 7.3 per cent to

Time 'running out for peace' in Cambodia

By George Graham and John Pedler in Paris

MR Roland Dumas, France's foreign minister, yesterday issued a stern warning that time was running out in the search for peace in Cambodia.

He made the remarks as talks opened in Paris between the rival Cambodian factions.

The talks are intended to give new momentum to the peace plan proposed by the five permanent members of the United Nations Security council, which would involve handing over broad powers to a transitional UN administration to implement a ceasefire and supervise free elections.

Yesterday's meeting involved the members of the Cambodian Supreme National Council, which brings together all the Phnom Penh government.

Marchais wins solid backing

By George Graham in Paris

FRANCE'S Communists have voted to carry on regardless, with a solid display of confidence in Mr Georges Marchais, the 70 year old hardliner who has been the party's secretary-general since 1972.

Dissent within the party has been rising steadily over the last year, but Mr Marchais has retained an iron control over the party's mechanisms and carried off last week's party con-

gress with scarcely a ripple of protest.

This was not quite the orchestrated performance of yesterday. Above all, the voting was not unanimous.

Of 1,686 delegates, only one voted against Mr Marchais's report although 16 abstained, including Mr Fiterman and only three against policy resolution proposed by the central committee.

People packed the main squares in Bucharest, Timisoara and other towns to pay tribute to more than 1,000 victims of the bloodiest anti-Communist uprising in Eastern Europe.

The ceremony in Bucharest turned into anti-government protests as crowds in the city's University Square demanded the resignation of President Ion Iliescu and his ruling National Salvation Front (NSF) government.

A society in despair, Page 6

Italian set for senior EBRD post

By John Wyles in Rome and George Graham in Paris

MR Mario Sarcinelli, director general of the Italian Treasury and a leading expert on international monetary issues, is set to become one of the two deputy presidents of the European Bank for Reconstruction and Development (EBRD).

Italy has been lobbying for several months for one of the deputy presidencies, although the nomination of Mr Sarcinelli has taken many in Rome by surprise. He himself seemed a little taken aback yesterday.

His decision to move to the EBRD, which he is expected to join on March 1, may well have been influenced by recent clashes with top ministers over the insurance of £5,000bn (22.3bn) of credits to the Soviet Union.

As chairman of the management committee of SACE, Italy's credits guarantee agency, Mr Sarcinelli was not prepared to go beyond 90 per cent cover of the credits, but was eventually instructed by the Treasury Minister, Mr Guido Carli, to grant 100 per cent.

Mr Sarcinelli's nomination will be put before the EBRD's shareholders by its president, Mr Jacques Attali.

Thais turn on to festive profits

Paul Taylor samples Christmas where Santa rides an elephant

I WAS doing quite well, suspending reality. That was until Santa Claus rode into my young daughter's kindergarten, a room full of children on the back of an elephant.

It wasn't the elephant that was out of place – at the right times of year you can see them being led down Sukhumvit Road in central Bangkok – it was Santa. It was 27°C outside, his red and white suit, and a lot hotter inside.

Santas have had a hard time in Bangkok. The brave chap who visited the kids at the Foreign Correspondent's Club of Thailand had to enter the party room on the 22nd floor atop the Dusit Thani hotel from the balcony. There is a dire shortage of chimneys in Thailand – but not apparently in Santa's.

Christmas trees fare little better. A "real" Christmas tree costs baht2,300 (346) and upwards. They are star prizes in Christmas raffles for the "farangs" (foreigners). But even then they are not quite the familiar fir from northern Europe or North America.

These are tropical Christmas trees, and if clothing were to equate to needles they have taken off far more than any half-way decent "farang" would ever dare in the Buddhist country of 65m people – except perhaps in the upstairs rooms of the bars of infamous Patpong.

The big – and as an ex-resident of both London and New York I do mean BIG – depart-

ment stores in Bangkok (which are mostly Japanese owned) all vie with each other for the brightest Christmas lights, and the biggest Christmas tree.

I'm not sure which store won this year – and it probably does not matter. In a country where corruption, both major and petty, is endemic I am pretty certain any tape measure would have been "doctorored" anyway.

I do know that a not-so-friendly gun-packing policeman on Petchburi Road has already got his "Christmas Box". In the space of two minutes seconds he collected baht 200 (slightly less than a tenth of his monthly wage) from two unfortunate cars which went down the road at 12.05pm – at noon the lane directions had changed – to avoid another traffic jam. But at least he seemed happy with the baht 100 both drivers handed over with their licences and the "tear money" was cheaper than the otherwise obligatory baht 500 fine.

The "leglets" (small lizards which are being imported and sold to East Side New Yorkers for \$20 a piece under the misapprehension that they eat roaches) are also having a good Christmas. It is dry here and the flies are out in force. Who said there is no such thing as a free Christmas dinner?

Tropical Christmases are a special experience. It seems

odd that the tinsel on our (artificial) Christmas tree should flicker and wave not because of the up current created by a log fire, but because the air conditioning is still on full blast.

It also seems strange that in Thailand where 85 per cent of the population are Buddhists – and less than one per cent are Christians, that Christmas should be marked at all. On Christmas Day the shops, government offices and the otherwise deeply depressed stock exchange will be open. But in booming Bangkok entrepreneurial citizens do not miss any chance to make a buck, a yen or even a pound sterling.

This year the country's GNP will rise by a conservative 9.35 per cent following two years of double digit real economic growth and consumer spending. Debt has been rising even faster. Sure a slowdown is coming – but there are few signs of it yet.

Even if there were it is unlikely it would make much difference. Like the rural farmers who have made millions selling out rice paddies to developers in the last few years – only to drink or gamble away the lot, Bangkokians have a robust attitude towards money.

As the figures show they don't save it, they spend it – on anything and everything. This Christmas the growing Thai middle classes are buying the kids Nintendo electronic



Thomas Pickering, the US ambassador to the UN votes for the resolution criticising Israel

US 'succumbed to Arab pressure' says Israel

By Judy Meltz in Jerusalem

ISRAEL yesterday attacked the US for backing a UN Security Council resolution condemning Israeli policy towards Palestinians in the West Bank and Gaza.

But high-level officials said they were relieved the resolution made no mention of an international peace conference on the Middle East, which Israel staunchly opposes.

The UN resolution deplored Israel's resumption of deportations and called for steps to monitor Israeli policy in the West Bank and Gaza Strip.

Mr Levy said Israel would not agree to any such measures. "If something new is set up without Israel's agreement, it has no status."

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UK NEWS

Brokers' plan to boycott GA is ruled unlawful

By Richard Lapper

The Restrictive Practices Court yesterday ruled that a proposed boycott by insurance brokers of General Accident is unlawful.

After a two-day hearing Mr Justice Warner granted an interim order prohibiting the implementation of the boycott to Sir Gordon Borrie, the director-general of fair trading.

He ruled that the boycott could not be shown to be in the public interest. The decision does not rule out a full hearing on the issue next year.

The Institute of Insurance Brokers, which represents about 20 per cent of the UK's 4,500 brokers, called for a boycott of the Perth-based insurer last month. It protest at the company's refusal to end its agreement with motor manufacturers whereby they offered "free insurance" to buyers of new cars.

The association has argued that the free deals undermine road safety - by playing down the importance to car buyers of no-claims bonuses - and in the long run, will make motor insurance more expensive.

Ofpt solicitors will now write to the 850-900 members of the brokers' association to tell them that the boycott is unlawful.

The brokers had been pre-

Forecasters gloomy on economy in 1991

By Peter Norman, Economics Correspondent

ECONOMIC forecasters are taking an increasingly gloomy view of Britain's prospects next year, according to the Treasury's monthly survey of independent forecasts.

The average 1991 growth forecast called from the published reports of 26 City and non-City institutions fell to 0.3 per cent this month from 0.7 per cent in November.

The forecasters' consensus is that British unemployment will increase to 2.6m by the final quarter of next year against expectations in November of an increase to 3m. That would compare with seasonally adjusted unemployment of 1.75m in September.

The government's financial position is also viewed with greater pessimism. The average expectation of the 26 forecasters is that the public-sector borrowing requirement will total £2bn in the financial year to the end of March 1992. A month ago, the consensus pointed to a PSBR in 1991-92 of only £300m.

The 14 City forecasters surveyed by the Treasury take a gloomier view of the economic

Judge orders seizure of Nigerian bank's funds

By Raymond Hughes, Law Courts Correspondent

A High Court judge yesterday ruled that a Nigerian bank was guilty of contempt of court and ordered seizure of any of its funds held in banks in England and Wales.

Mr Justice Pilk made the sequestration order against Mercantile Bank of Nigeria on an application by Minerva Securities (Cl), a Channel Islands commodity trader.

He was told that for eight years Minerva had been trying to enforce a £1,254,877 (\$2.55m,000) judgment it obtained against Mercantile Bank of Nigeria in the Lagos state high court in December, 1982.

The judgment was based on a letter of undertaking by the bank to pay that sum after 30 days in exchange for the release of shipping documents.

More Heathrow talks likely

FURTHER talks between the US and UK Department of Transport in an attempt to settle the dispute over Heathrow landing rules are likely to take place early in the New Year, writes Michael Cassell.

It emerged yesterday after a third round of talks - aimed at revising the Bermuda 2 bilateral air service agreement between the two countries -

Festive divergence between Monet and money

Clay Harris delves into the good, the bad and the awful in this year's bountiful harvest of greetings

WHAT makes a good corporate Christmas card? Is it better to play safe with Brueghel and Bellini, or should you whisper - or even shout - of commerce in your seasonal greetings?

The 1990 harvest reveals a sharp divergence between Monet and money, although J. Sainsbury, the supermarket chain, has it both ways with a Madonna of the Meadows which, it notes, will hang in the new Sainsbury wing of the National Gallery.

This subtle blending of God and Mammon is unusual. Realising their multi-cultural and multi-national audience, few companies these days send cards with Christian images. Those that do risk the reaction of one colleague, who said: "The crookedest broker I know sent me the most pious card."

It is not surprising, then, that many companies stick to historic views of the Thames and St Paul's or more pastoral landscapes - informative guides to whom exactly benefit from the company's policies over the last 10 per cent and 20 per cent of the premium) these policies are often cheaper.

General Accident's own GADirect scheme has grown rapidly since it was established in 1988 in Hamilton, Strathclyde. Mr Bill Jack, deputy general manager, believes that the company could eventually sell as much as 50 per cent of its homes and motor policies directly.

Because customers pay no commission to a broker or intermediary (usually between 10 per cent and 20 per cent of the premium) these policies are often cheaper.

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Sometimes this works, and sometimes it flops badly. Here are some of the winners, losers and others worth noting.

It is hard to top Japanese companies for distinctive and attractive designs, often incorporating traditional materials



with its witty line, the Post Office pushing a crude commercial message and the Savoy showing its sense of style such as rice paper. Among the best are those from Nikko Securities, Yamachi Securities and the Shiseido cosmetics group. But the exoticism of a Japanese card makes it a thing apart and it cannot be judged by the same standard as British-produced cards.

Three of the latter stand out for their imaginative injection of trade into the festive season.

• Business Design Group's eight-page card demonstrates the company's skills in a way no words could. A red dot shows through successively as an ornament, the clapper of a bell, a holly berry, Rudolph's nose, and so on.

• Ratners, Britain's largest jeweller, offers a bright homage to pop artist Roy Lichtenstein which shows a woman lamenting as she holds a telephone receiver: "So this is what he meant when he said he'd give me a ring at Christmas!" (She should complain A ring from British Telecom might cost more than one from Ratners anyway.)

• The third is a traditional illustration of Christmas jollity, "Syncopating Savoy Christmas Classics", from the Unit Trust Management presents drawings of showjumpers

does you don't take Access?" Ugly, tasteless and unfunny, but not the worst.

The lowest circle of Christ- mas card hell is reserved for senders of their own caricatures or photographs or self-promotional cards which cross the threshold of blasphemy.

Of the latter, the Christmas cake is taken this year by a card which displays a religious drawing with the caption: "A babe is born." The inside reveals "born December 1990: Lancaster Kind, property consultants and valuers."

Valin Pollen, another PR firm, shows proof-reading marks on Hark the Herald Angels Sing, and the BBC press office proclaims: "And lo, in the west there was still the press office." The BBC card falls into another self-indulgent category: a photograph or drawing of head office. Other offenders are British Petroleum, Smith New Court and Bedales.

The National Bank of Kuwait can be forgiven for combining a picture of its headquarters with a "Free Kuwait" badge.

Usually, the commercialism is far more mundane. Motor vehicle groups, for example, routinely interject their latest models into cosy winter scenes.

Even the Financial Times cannot resist a product plug. After last year's FT hot air balloon, we are still aloft in 1990 with Father Christmas over the City. But, perhaps because he is paying too much attention to the FT, the referee is steering well away from our side of the Thames.

I hope no one reads anything into that.

Birkenhead demand for Labour

By Ivo Dawney, Political Correspondent

LABOUR activists in Birkenhead are threatening a hunger strike outside the national party's London headquarters if the leadership does not agree to an independent inquiry into the constituency's internal feuding.

The disturbance about attempts to deselect the sitting MP, Mr Frank Field, worsened this week when the national executive committee suspended the local party from meeting pending further investigations of his claims of intimidation by the left.

Mr Field's opponents have warned that either Walworth Road officials must agree to an early re-run of the candidate selection process or allow independent observers to investigate claims of irregularities.

Mr Paul Davies, the Transport and General Union official whose selection last year to replace Mr Field was ruled invalid by the leadership, is considering camping out with supporters.

In talks with Walworth Road officials yesterday, Mr Paddy Reynolds, the constituency party secretary, said that local activists suspected the national leadership would stop at nothing to prevent Mr Field being returned for the seat.

He told Ms Joyce Gould, the organisation director due to visit Birkenhead on January 4, that local activists no longer had faith that the new inquiry would do anything but delay a re-run of the selection process.

"We are confident that the only outcome of an independent inquiry would be to prove the justice of our case," he said.

Mr Reynolds warned that without such an agreement his colleagues would consider a hunger strike outside the party's headquarters.

A Labour party official said last night: "We have stressed all along that we are determined to ensure a fair selection process in Birkenhead."

PO says 119m cards were posted on Monday

By John Authers

CHRISTMAS MAIL in the UK has reached a record level this year. By Christmas Eve the Royal Mail says it will have handled 1.5bn items in 24 days, 40m more than last year's record.

Sir Bryan Nicholson, chairman of the Post Office, said yesterday that the peak came on Monday, when 119m cards were posted.

The Post Office recruits 25,000 extra staff for Christmas, in addition to the full-time workforce of 140,000.

More than 100 extra buildings were re-arranged as sorting offices, and more than

2,000 extra vehicles were hired. The transport system also felt the impact of Christmas yesterday, with the heaviest volumes expected today. Last night, however, the prospects for avoiding serious delays looked good.

Road traffic is likely to peak over the weekend, though yesterday saw more cars on the roads than had been expected.

Traffic levels are expected to be up to 40 per cent higher than on the average weekend.

The RAC warned that delays were

likely at established congestion "black spots", but was optimistic that wider traffic misery could be avoided.

British Rail expects the heaviest traffic today, and advises passengers to book. Routed from London to the north-east, the north-west, Scotland, Wales and the West Country are expected to have up to 30 per cent more passengers than average. Extra services have been arranged on several routes.

Overcrowding in standard class carriages is being controlled on these routes by boarding passes, which are

issued to passengers at the departing station. On some services, only passengers with reserved seats or boarding passes will be allowed on the train.

Traffic from Heathrow airport, London, reached a peak yesterday. The airport handled 150,000 passengers, 30 per cent more than usual. BAA, which owns Heathrow, said the increase in traffic had been expected and there had been no delays. Ireland, both north and south, was one of the most popular destinations, and extra flights were arranged by British Airways.

Englishmen abroad pay less for Christmas

John Authers looks beyond the inflated cost of seasonal celebrations at home

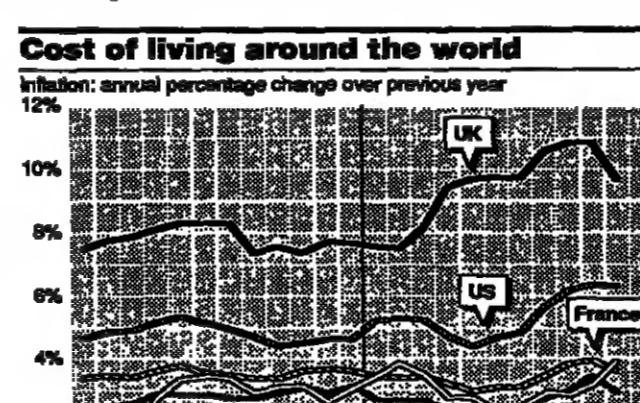
THE COST of Christmas this year in the UK, with its high rate of inflation, compares unfavourably with that in such countries as the US, France and Japan.

Christmas lunch at the River Room of London's Savoy Hotel on December 25 will cost £105, without wine. New York's Rainbow Room, at the Rockefeller Centre, and the Sign of the Dove on the fashionable East Side, reputed to be the best restaurants in town, serve Christmas dinner at only £35 (£20), excluding wine and service.

Even Paris is less expensive than London. Three-star restaurants charge between FF1500 (£35) and FF1800 per head for dinner on Christmas Eve, which is when the French celebrate, though wine could cost almost as much again.

As in Paris, Christmas Eve is when celebrations begin in Tokyo, where the Japanese have been adapting to a new festival. In past years, young couples queued on Christmas Eve outside short-stay Love Hotels, but they have now taken their affections upstairs.

The one thing is a "romantic" dinner show at ¥35,000 (£148) per head at Tokyo's plush Akasaka Prince Hotel.



This is even more expensive than the Savoy, but alcohol and food are included, along with an evening of crooning from Mr Hibino. There are two shows on the 24th - both fully booked.

"Romantic" shows at lesser hotels are about ¥25,000 to ¥30,000, depending on the artist and the menu. After the show, a suite at the hotel for the night costs ¥23,000 at the Akasaka Prince - already fully booked - or ¥20,000 upwards for quality elsewhere.

The £750-a-head four-day Christmas package at the Ritz London includes a number of Yuletide extras: guests are invited to a pantomime on Christmas Eve; hear Midnight Mass at St James' Church, Piccadilly; eat roasted chestnuts; and go to see Aida at home on Boxing Day. Christmas stockings are provided in every room.

The Ritz in Paris, at the Place Vendôme, costs between

upwards for quality elsewhere.

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Midnight Mass at St James' Church, Piccadilly; eat roasted chestnuts; and go to see Aida at home on Boxing Day. Christmas stockings are provided in every room.

Consumer electronics are

generally more expensive on the east side of the Atlantic. A New Yorker needs \$30.00 for a basic Sony Walkman personal

stereo. The cheapest model in London can cost £24.99, with the "sports" version, in bright yellow, at £29.50. Parisians pay FF1800 for the "sports" model, while in Japan the most popular model sells for about Y15,500.

This excess compares with the problems of those celebrating Christmas in eastern Europe. Eggs are the latest food to become scarce in Czechoslovakia and many families may have to do without the potato salad traditionally served with fried carp at Christmas.

Potatoes and salt are scarce, as shopkeepers hoard supplies in anticipation of steep inflation when price controls are lifted in the new year.

Some Britons pay to escape Christmas. Exodus Expeditions has sold all 16 tickets for a grueling two-week walking tour in the Jebel Sahra mountain range in southern Morocco which, at £1,100, includes a flight to the UK.

A British Airways Economy class return flight from London to New York normally costs £391. In the two weeks before Christmas demand pushes the price up to £540.

Additional reporting by Ian

Davney in Paris, Ritsa Nachama in New York and Robert Thomson in Tokyo.

November deficit larger than expected

By Rachel Johnson, Economics Staff

THE NOVEMBER current account deficit of £97m, announced yesterday by the Central Statistical Office, widens the UK trade gap to almost £15bn this year.

The deficit, which is larger than expected, increases the chances that the government will overshoot its forecast, made only last month, of a deficit totalling £15.5bn for 1990. The 1989 figure was £19.6bn.

The Treasury will now meet its projection only if December's deficit is half the size of last month's and half the monthly average for this year.

Additionally, the figures are unrevised and assume a balance of zero on invisible trade - services such as banking, insurance and tourism and some financial flows including profits and dividends.

Trade in erratic items, which includes ships, aircraft and precious stones, was little changed on the month, although imports fell by £200m in the three months to November.

The slowing of import growth during the same period could also be observed in non-emergency.

Reduced imports have been apparent since July. The UK's current account position has improved as high interest rates have eaten into domestic demand and forced manufacturers to switch production towards more buoyant overseas markets.

Yesterday's figures

Sir Geoffrey Owen: the safest pair of hands

Nicholas Colchester looks back at the career of the Financial Times editor who left the paper yesterday

IN 1958 the young future editor of the Financial Times took the Australian tennis star, Ashley Cooper, to four sets on Wimbledon's Centre Court. "Unknown Owen makes Chump of Champ", said the *News Chronicle*.

It was a perfect British occasion: the sports writer celebrating defeat as victory, following a youthful performance which combined exuberance with that peculiarly British brand of reserve which recoils from displays of emotion and the cult of personality. True Brits of this kind have a way of getting on with the job in hand – whatever that happens to be – courteously, determinedly and with calm good humour.

These qualities do not leap to mind when the talk turns to Fleet Street's great editors. Sir Geoffrey Owen, who left the FT yesterday, is a misfit among them. He has never shown any desire to build a fief or to indulge powerful whims, though the newspaper offered him a splendid platform to do both. He has no special gift with words. He has firm views on only a few specific themes. He somehow contrived, for several years, to forget to submit his entries for Who's Who.

When the Financial Times moved into new offices in 1968, he had to be coaxed into his large room overlooking the Thames. A visitor of the time, All the President's Men, had persuaded him that, like that hard-driving chap on the *Washington Post*, a real editor ought to sit in a glass booth in the news room.

The fruits of such self-efacement speak for themselves. In the period of his editorship, circulation has climbed from 158,000 to 192,000 in the UK, and from 41,000 to more than 100,000 in the international market. The paper is now printed outside the UK in Germany, France, the US and Japan, and profits have climbed from under £2m to £27m.

During Owen's 10-year editorship, the Financial Times put itself almost beyond challenge as the paper of record on European business, finance and government. Its pages became an international forum for debate on economic issues to which powerful people submit their views in letters and articles. It also became popularly accepted as a symbol of quality and wealth. A folded FT crops up in many



Sir Geoffrey Owen: appointed to the staff of the Financial Times by Sir Gordon Newton in 1958, he succeeded Fredy Fisher as editor in 1980

advertisements nowadays, bestowing quality-by-association on the airline or aftershave in question.

How did mild-mannered Geoff Owen do it? First, he was that unfashionable thing in western industry: a manager devoted to his product. He radiated a conviction that the newspaper – shaped by Sir Gordon Newton and handed on to him, internationalised, by Fredy Fisher – was bigger

than him and all his staff. He served it rather than drove it, padding around its offices with ceaseless trousers, tussled hair and shirt hanging out, like the devoted mechanic of a marine engine. When he praised journalists – which he did only rarely – he did not hand down the praise from on high, but tended to appear alongside with a complicitous grin that implied "very good for the paper

that we've managed to get this in".

Second – and this was a big gift – he hired and gave free rein to talented people whom he was utterly unlike and with whom he often disagreed.

He did this to compensate for what he saw as his own shortcomings. Often uncertain, he hired Mr Certitude. Sober in style, he promoted Mr Flash. Mainstream liberal, he encouraged Mr Contrary View. He took their work and vetted it not for opinion, but for impenetrability and inaccuracy.

As a result the FT became a market-place

for quality-controlled ideas, a sort of Chiswick wall on which many points of view

could be posted, provided they were not, as he would say, "over the top".

Third, he was imbued with the spirit of the paper by the man who hired him in 1958, Sir Gordon Newton. Newton never

much went for strategy; he developed the FT through continuous, experimental ad hocery. Geoff Owen did the same, and so finds it hard to list the changes he has made to it. He knows he made the editorials less grey and more assertive.

"Fewer pot-boilers about the German economy", he puts it. He made the paper more appealing to the non-devotee: "frankly, less boring-looking". He pressed on with his predecessors' internationalisation of the product, putting timely emphasis on Japan early in the decade and not faltering in coverage of the European Community, in spite of its dreariness during his early years as editor.

The other Newtonian trait he inherited

was "down-to-earthness, not being too

highbrow, never forgetting the chap on the train from Surbiton, and all that sort of thing". And he held the paper in its niche: it is a business paper, not all things to all readers.

He was certainly lucky. His decade was

almost exactly that of Mrs Thatcher, and the changes she wrought hugely helped

the FT. The financial deregulation that

began with the scrapping of Britain's

exchange controls and went on through

the City of London's "Big Bang" gave the

FT a booming parish. The great European

market, which Mrs Thatcher pushed for,

did much for continental readership and

advertising. Above all, Geoff Owen recognises that "the paper owes an enormous

debt to the Wapping revolution" (Rupert

Murdoch's showdown with the British

printing unions), which could not have

occurred under a different government".

Yet he, and the FT under him, were

never "one of us", with Mrs Thatcher – for

selective Thatcherism was not on offer in

Downing Street. Geoff Owen always mis-

trusted excessive certainty, especially of

the ideological or bullying sort. There had

to be room for reasoned doubt, pragmat-

ism and compassion.

These instincts showed clearly during

the Falklands war, when he courted im-

popularity with many British readers by pur-

suing a line "a hell of a long way short of

Jingoism". Nor could he work up much

enthusiasm for unbridled financial mar-

kets and their works. He mistrusted people

who made their money by trading compa-

nies rather than building them up.

Surrounded in Paris by a volatile group of French industrialists telling him of their country's predicament, he was asked for the FT's view on the French outlook.

"Worse", he said; and that was it. Geoff Owen the power-broking socialite is an unlikely vision as Lord Copper in a green eyeshade.

Yet this unassertive figure inspired his staff. He did not drive them or instil fear in them (he fired almost nobody in his decade as editor). But his big, even-tempered presence came to embody the needs and standards of the paper. Col-

leagues at the ITC recall gravitating towards Geoff Owen's office for talk without knowing why he exercised this pull on them. So too at the FT, where his "open door" approach was at times comic, with one journalist discussing his next posting, while Owen read the leader of another, glancing meanwhile at proofs proffered over his shoulder by a third. Approval was a curt "fine". Disapproval was a look of pained puzzlement that needed no words. The newspaper was not accused. This guardliness was unchallenged mainly because, in the words of one of his staff, "the man is riddled with integrity".

Geoffrey Owen said in 1980 that he

would do between five and 10 years as editor. So now he is going, convinced that editors who overstay their welcome harm their newspapers, and because the job is an exhausting one.

He is to work at the London School of

Economics where he will start a business

policy unit in the school's Centre for Eco-

nomic Performance. There he will look

into different aspects of Britain's competi-

tiveness, while writing a post-war history

of industrial Britain.

One can already imagine some of the

features of this bleak tale. Technological

complacency, wrong-headed mergers, a

home-market mentality, ephemeral

successes and lack of commitment to a

business. For, as Geoffrey Owen wrote in

the FT's first management page in 1987, "if

there is any management principle which

has some claim to universal validity, it is

this – stick to what you are good at".

Happy for the Financial Times, tennis

did not count.

Nicholas Colchester is deputy editor of

The Economist

Judge says men knew they were laundering money

By Raymond Hughes, Law Courts Correspondent

AN Isle of Man accountant and his employee have failed to overturn a High Court judge's finding that they assisted in a systematic fraud on a subsidiary of Agip, the Italian oil company.

The Court of Appeal yesterday dismissed an appeal against a judgment in May last year that Mr Barry Jackson and Mr Edward Bowers, partners in Jackson & Co, and Mr Ian Griffin were liable to pay a total of \$518,822 (£271,900) to Agip (Africa). Mr Bowers had been held "victariously" liable for the acts of the other two.

The money was the last of a series of payments diverted from Agip (Africa) before the discovery that during many years the company had been defrauded out of millions of dollars by its chief accountant, who had altered the names of payees on payment orders after they had been signed.

Go-ahead for homes on Dorset heath

PLANS TO build up to 200 houses on 17 acres of Dorset heath were yesterday given the go-ahead by the High Court in London. The heath is classed as a site for special scientific interest and is a breeding ground for some of Britain's rarest wildlife.

Mr Justice Schiermann dismissed a request by the British Herpetological Society and the World Wide Fund for Nature for judicial review of Poole borough council's decision to grant planning permission for the houses on Canford Heath.

In a ruling which environmentalists fear will make it easier for councils to build on some of Britain's protected landscapes, the judge upheld the council's decision to grant permission. He said Poole had "grappled" with the rival demands of conservation and housing. The balance had "favourable" lawfulness.

The judge awarded the council the legal costs, estimated at about £40,000. The council said it would press ahead with plans to build the houses.

It said it had taken its decision with care and had considered conservation issues. It had taken steps to protect the remainder of the heathland by imposing conditions over access.

In his judgment Mr Justice Schiermann said although planning authorities – in common with many other public bodies – were obliged to give reasons for refusing applications, they did not have to do so if they acceded to applications and granted permission.

That made it difficult to implement such decisions. It may be the parliament's desire was that the implementation of positive decisions should not be held up on the ground that there had been defective reasoning, said the judge.

Yorkshire Ripper's wife loses libel claim

MRS SONIA SUTCLIFFE yesterday lost her claim for libel damages over a newspaper article, it alleged that she assisted in the "splitting image" of her husband, Mr Peter Sutcliffe, the "Yorkshire Ripper" multiple murderer.

A High Court jury ruled yesterday that Mrs Sutcliffe, 40, of Bradford, West Yorkshire, had not been involved in the killing of Mr Jackson and Mr Griffin had been directors. Most of it had then gone to a French jewellery company of which Mr Jackson was sole director.

Lord Justice Fox said Mr Jackson and Mr Griffin must have assisted in the fraud. They had known the origin and destination of the money and there had been nothing to suggest any commercial reason why an oil company operating in Tunisia should be paying such sums to a French jeweller.

Under-fives require more services, study concludes

By Norma Cohen, Education Correspondent

THE government must expand provision for children under five, a government-sponsored study has concluded.

"We would urge those who make provision to recognize the extent to which demand outstrips supply, and to secure a continuing expansion of high-quality services to meet children's and their parents' needs," said the committee on the quality of educational experience offered to children aged three and four.

NEWS IN BRIEF

MacGregor loses case on grants

THE government's decision to withdraw grants from architecture students studying for their Part Two examinations was yesterday ruled unlawful by the High Court in London.

Mr Justice Schiermann said that Mr John MacGregor, former education secretary, had used a legally incorrect approach when he withdrew mandatory grants and introduced funding through a student scheme from the start of the current academic year.

Breach of patent

HOOVER, the US-owned home appliances group, infringed a UK competitor's patent in producing cleaning heads for its Aquamaster vacuum cleaner, the Patents Court has ruled.

Hoover will have to pay damages, to be assessed later, to Vax Appliances. Vax, based at Droitwich, Hereford and Worcester, estimated that Hoover produced at least 200,000

units altered on appeal, the findings mean it is an infringement for anyone to sell the Aquamaster fitting with cleaning heads made before 1990.

BT pay increases

BRITISH TELECOM has agreed a 10.1 per cent pay rise with the Society of Telecom Executives, the union which represents about 30,000 BT middle managers. The increase takes effect from January 1. The increase does not apply to about 10 per cent of BT's middle managers who are now on individual contracts.

Submarine accident

THE submarine which apparently sank the trawler Antares, killing her crew of four, has hit the gear of a fishing boat, according to a preliminary report yesterday from the Department of Transport's marine accident investigation branch. She mistakenly thought the gear belonged to another, undamaged vessel. It was only when Antares was reported overdue and wreckage was found that her fate became known.

Water case delay

THE trial of the South West Water Authority on a charge of causing a public nuisance has been adjourned at Exeter Crown Court until January 7 when the defence case is expected to start.

It is alleged that in July 1988 the authority supplied water which contained aluminium sulphate in such quantities as to endanger public health or comfort.

Aid for homeless

AN extra £3m is to be provided by the government to combat homelessness in Glasgow, Aberdeen and Edinburgh. The report concluded that there is an urgent need to raise the quality of many existing facilities. It said staff working with under-fives should be appropriately trained.

ACCEPTANCE FORMS MUST BE SENT TO THE CHIEF REGISTRAR, BANK OF ENGLAND (CONVERSIONS), PO BOX 444, GLOUCESTER, GL1 1NP, TO ARRIVE NOT LATER THAN 12.30 P.M. ON FRIDAY, 18TH JANUARY 1991; OR LODGED AT THE CENTRAL GILTS OFFICE, BANK OF ENGLAND, 1 BANK BUILDINGS, PRINCES STREET, LONDON, EC2R 8EU NOT LATER THAN 12.30 P.M. ON FRIDAY, 18TH JANUARY 1991; OR LODGED AT ANY OF THE BRANCHES OR AGENCIES OF THE BANK OF ENGLAND NOT LATER THAN 3.30 P.M. ON THURSDAY, 17TH JANUARY 1991.

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Weekend December 22/December 23 1990

The jury is still out

MR JOHN MAJOR should make the best of the holiday week ahead, for in the new year his mettle may be tested as never before. This is inherent in his taking the job of prime minister. The few weeks that have elapsed since he entered No 10 Downing Street have gone well, but the honeymoon cannot last much longer.

The reason is clear. The departure of Mrs Margaret Thatcher was accompanied by a sharp increase in public support for the Conservatives, as registered by the opinion polls. The Tory score is still substantially higher than it has been during most of 1990, but the lead over the Labour party has already begun to shrink. The Conservatives profited, in publicity terms, from a brief period during which their leadership contrasted as a matter of intense fascination. That is over. The image of what was an engrossing spectacle is fading. Soon it will be last year's memory.

A new image of the government will replace it. Most of what Mr Major has done so far suggests that he has a quite distinct notion of conservatism. It is in many respects different from the one espoused so forcefully by his predecessor. In manner he is always courteous, even anxious to please. He is not out to remake the world, but rather to respond to matters that arise.

On big issues, such as the stance of Britain at the European Community's inter-governmental conferences on political, economic and monetary co-operation, his style has been welcome, while changes in substance cannot be ruled out. On smaller day-to-day political questions he appears to be pragmatic, willing to listen to reason, or even to tread a path different from the one set since 1979. Where fresh proposals are relatively inexpensive and can be funded from the contingency reserve, he has shown an eagerness to settle, as with the £2m offered to haemophilic victims of Aids, or the funding of shelters for the homeless over Christmas.

Severe recession

This small-change "kinder, gentler" approach is doubtless deserved by its beneficiaries, but the voters are indicating that they also want decongested roads, improved public transport, better schools and a marked improvement in the condition of the National Health Service, not to mention lower inflation and cheaper mortgages. Mr Major knows full well that however much of this may be desirable very little of it can be provided at a time when a severe recession has been ensured by his decision to enter the exchange rate

mechanism at a high rate for sterling.

He therefore appears to be boxed in, with all the exit doors labelled "loss of credibility". His stern anti-inflation bias, for which he deserves due credit, rules out pre-election boost, at least until the policy has been seen to be working. Public spending for the coming year has already been set, and it is tight. Out-of-pocket gestures will not long hide the continued existence of a run-down public infrastructure. He can make promises, but during the 17 or 18 months available before a general election must be called, he can deliver little.

PM's credibility

Many people are now urging him to take action to reduce the severity of the recession, or to turn around quickly. The point they say is overvalued. His dilemma is that these calls make the policy less credible, weaken sterling, and so make it still more difficult to lower interest rates. There is little that he can do about this, except stick it out. A British attempt to devalue sterling within the ERM would destroy the prime minister's credibility as a man who, in his own words "hates inflation". There is no point in voluntarily donning a disciplinary strait-jacket if it is discarded as soon as it becomes uncomfortable.

All this said, the government's position is not hopeless. The half-expected and the unexpected do happen. The Germans may seek a revaluation of the D-Mark; that could precipitate a general realignment of exchange rates. Sterling might then be realigned against the D-Mark alone, without that being seen as a unilateral action designed to get the UK government through a difficult election. Alternatively, a modest realignment might accompany sterling's move to narrow bands within the ERM. But both options would imperil credibility.

Again, the Treasury forecast being given to the prime minister, which is that inflation will fall more sharply – and further – than anyone has expected, might turn out to be less inaccurate than other Treasury prognostications. If accompanied by a series of marked improvements in the monthly balance of payments figures, the net effect could be enhanced credibility and so an upward movement of sterling against the D-Mark. Interest rates could then be reduced. Inflation, as Mr Nigel Lawson says, is the judge and jury of the government. The test for Mr Major is how he keeps his nerve while the jury is out.

The underground stations in the Romanian capital of Bucharest are now silent. People wait on the platform. Those who speak no longer raise their voices.

A year ago, the underground was packed with young people. Some were wearing blue, yellow and red arm-bands. Others were checking passengers' identity cards. Gypsy children ran the gauntlet of the carriages singing "Olé, Olé, Ceausescu is no more". Their refrain earned them a smile, a couple of lei, a pat on the head. Revolutionary exuberance filled the air.

Today, excitement has given way to disillusion, cynicism and bewilderment. Even the word "revolution" has disappeared from the vernacular. People simply refer to "The Events". It makes little difference to the money-changers who loiter at the entrance to the damp tunnels of the underground. The name of their game is survival.

His party, the National Salvation Front, which was catapulted into power last December and which won a landslide victory in the May elections, is today struggling to maintain stability. Conservatives in the NSF want little to do with reforms which would sweep away the gargantuan bureaucracy. The small group of technocrats have little support to implement them. There is no certainty about the future.

Will we survive? Maybe not. Even though there is no alternative to our government I think we will be sacrificed," says Mr Petre Roman, Romania's young prime minister. He does not say by whom.

His party, the National Salvation Front, which was catapulted into power last December and which won a landslide victory in the May elections, is today struggling to maintain stability. Conservatives in the NSF want little to do with reforms which would sweep away the gargantuan bureaucracy. The small group of technocrats have little support to implement them. There is no certainty about the future.

Mr Roman has just ended another long day of meetings. The government has spent many hours discussing the economic reforms. He still manages to be friendly and patient. No, he does not mind if the photographer lingers. She sets to work. An unidentified man at the other end of the room keeps a camera rolling. After 10 minutes, the photographer is asked to leave. "Prime minister, will you ask that gentleman to leave too?" "He stays." "What is he doing?" "Filming." "Why?" "They need it."

"They" include Mr Adrian Serbu, the secretary of state who runs the government's information department. He sees himself as the guardian of the real truth. He chisels away at the morale of the domestic and foreign press corps. "You are all against us," he says.

His elegant clothes, and carefully groomed hair and beard betray his passion for fashion. "You are always trying to criticise us. If you are not attacking us for our alleged communist past, you are seeking out negative things to report about how we treat the orphans, the Aids victims and the handicapped." He adds: "We are all handicapped in this society."

"Mr Roman," I ask, "you remain committed towards introducing reforms and a democratic system, but some of your critics say that this government will never have any legitimacy until it spells out exactly what happened last December. Prime minister, is this government based on truth?"

"Yes. The truth is not expressed on television. There is distortion. We are working continually to put across our opinions to different social groups. Since the elections, some western governments have not supported us. The elections did not fit into some of their scenarios. They still believe in scenarios, but not the truth."

There is a crisis of authority in Romania today," Mr Anton Uncu, the editor of the daily Romania Libera, inhales strong raw, Romanian tobacco in his large office. "It is a vicious circle. This economy is spiralling downwards. We need western financial assistance but we cannot obtain it. The June riots [when miners were called by President Ion Iliescu into the capital to quash anti-

government demonstrations] destroyed any goodwill which we had with the west. Our image cannot improve until this country can be run by democratic means. Yes, I think the prime minister is well-intentioned. But we still have to fight for the freedom of the press and for the truth. Fear is coming back. In the old days, we knew whom to fear. We do not know whom to fear today."

Ana, who works in a hotel, says the fear exists because the government has not put any of the Securitate (Ceausescu's hated secret police) on trial.

She knocked on my room door one day during the election campaign. "We caught one of them. He had a gun and was equipped with a strong lens. She was filming the demonstrators on University Square. We brought him down to the manager's office. We were very angry. We wanted him arrested. The manager took us aside. 'You have families to feed,' he said. It was an order to remain silent." Many of Ana's friends have emigrated, or are thinking of leaving the country. The prospect of a brain drain horrifies younger members of the government.

Since last December, not one Securitate officer has been tried or sentenced. These are the people who made life a misery for millions of Romanians. Why have they not been put on trial?

General Cornel Băduț is the president of the Military Section of the Supreme Court. He is supposed to be arranging trials for officers above the rank of general. He says some of the Securitate files have disappeared. How? He cannot say. He claims that witnesses have changed their statements. Why? He has no answer.

General Ion Măstor is president of the Territorial Court of Bucharest and is responsible for ranks between colonel and major. Appeals from the county courts are referred to him. He says there is not enough evidence to convict any of the defendants. Why not? People are changing their testimony. Why? He does not know.

A lawyer living in Bucharest says people are afraid. What are they afraid of? They think the Securitate is still around; some have received threats from families. Which families? Nobody names names. What kinds of threats? Rumours abound.

Over a quarter of the Securitate officers are working in the newly-formed Romanian Information (Intelligence) Service, and President Iliescu insists that the country needs professional intelligence officers.

Mr Bogdan Baltazar, the government's spokesman, says that there must be better ways to exercise control over the Securitate. "I was one of their victims," he says. Like many other officials, however, he is elusive about the delay in bringing the Securitate to trials.

The last time I had met Adrian Paunescu before The Events was in 1982 at a sports hall in Ploiești which is about 80 kilometres north of Bucharest. He was then the poet laureate to the court of Nicolae

A society in search of truth



Top: Soldiers prepare to defend against attacks by the Securitate, Bucharest, Dec 1990
Middle: Jubilant at news of President Ceausescu's downfall, Bucharest, Dec 1990
Bottom: Angry protesters in anti-communist demonstrations, Bucharest, Nov 1990

Europe and the Jews, free masons and foreigners, and particularly intellectuals and Hungarians, are singled out for special treatment. "Sure I read the paper. I like the style," says Mihai, a journalist. "It's racy, convincing. A good read."

Mr Adrian Nastase, the foreign minister, shrugs aside suggestions that Romania Mare incites hatred and racism. "This is a democracy. The press is free." During the interview, his aide takes copious notes. ***

The lights shine bright in Capăt's. In the old days, we had to leave the restaurant by 9pm because of rationing. Everybody spoke in low voices. The guardians of the official truth – the Securitate – were ubiquitous. These nights, Capăt is lively. The waiters scurry around. The menu is more substantial. The manager has good connections.

Dr Alexandru Anicu, a gynaecologist at the Municipal hospital, takes time off work to meet me here. He is his usual, cheerful self. During the Ceausescu era it would have been impossible to meet him. Romanians were then actively discouraged from talking to foreigners. All conversations had to be reported to the police. Nobody was allowed to travel abroad.

"We know it is going to be difficult. But we all have to learn how to work again," says Dr Anicu, who himself works at least 14 hours a day. Since January, he has been reorganising the gynaecological clinic. Now that the ban on abortion has been lifted, he says more than 50 women a day queue at the hospital. "I just worry that we will not have spare parts to maintain the equipment donated from the west and that oil will dry up."

Outside the dimly-lit streets and the poorly-lit shops, I carry the difficulties in pulling the economy out of years of neglect. But the economic deprivation is not the only driving force behind the waves of demonstrations. The demonstrations amount to outpourings of despair. ***

The people of Timisoara ache with despair. Last December's "Events" were precipitated by Laszlo Tokes, the Lutheran Pastor who, despite harassment by the Securitate, refused to stop preaching sermons about the truth. He would have been a national hero in any other country.

On December 5 1990, Rompress, the official Romanian newsagency, issued the following report:

"In the Senate session of 5th December, the leader of the majority National Salvation Front, Vasile Vacari, a Senator from Gorj, submitted an interpellation... it demands that the Romanian government advises what attitude it intends to adopt about the actions of Laszlo Tokes, who by statements made in the country and especially abroad, seriously offended the Romanian state... giving the world a false picture of Romania. He also demanded that, starting December 1990, visas be made compulsory for any foreign citizens visiting Romania... a lot of individuals keep coming to Romania for dubious purposes..." ***

Eugen is a 23-year-old translator. He was one of the many young people who helped to oust the Ceausescu from power this time last year.

"The people of Bucharest and Timisoara are demonstrating again because they want to know the truth," he says. "We want to know what really happened last December. We want to know why the long-awaited report about the tragic ethnic killings between Romanians and Hungarians in Tîrgu Mureş last March has not yet been published. We want to know why the report about the miners' violence has not yet been published. No government will have any support, especially from the youth, until it tells the truth. Without the truth, there is no hope. I am sorry for my country."

MAN IN THE NEWS

Nicholas Hardwick

Advocate for the children of the streets

By John Lloyd



George agrees that such a culture (if it exists) Mr Hardwick doubts it) is infinitely preferable to the street culture he now sees in all on London's streets. Hardwick reckons that, on any given night, some two to three thousand young men and women try to find somewhere to keep warm through the night; and that, on any given day, two or three more hit the streets. The problem is growing out of London, too. Three years ago, at the end of 1987, Hardwick warned that the changes proposed by the government to social security – roughly, that they would be more difficult to obtain, and that housing benefit would be paid in arrears – would greatly increase the already evident growth of the homeless.

The thinking behind the changes, heavily influenced by American research, was precisely that there was such a thing as dependency culture, and that many of those who had left home and were sleeping rough, shooting up and

begging in and around Soho were being encouraged by the provision of welfare. Were it not more difficult for them, at least, to all on London's streets. Hardwick reckons that, on any given night, some two to three thousand young men and women try to find somewhere to keep warm through the night; and that, on any given day, two or three more hit the streets. The problem is growing out of London, too. Three years ago, at the end of 1987, Hardwick warned that the changes proposed by the government to social security – roughly, that they would be more difficult to obtain, and that housing benefit would be paid in arrears – would greatly increase the already evident growth of the homeless.

Others again are almost cringing dependency.

Some are "sturdy beggars", knowingly playing the system and benefitting from it; others are perfectly able to take a job at McDonald's or a building site. Many of them do take such jobs, and usually find they are laid off soon, or simply cannot stick it. The contemporary children of the streets exist in the particular crevices of the urban entertainment and addiction systems – where, high on drugs or booze, they will play pinball or slot machines hour upon hour, or sit through four showings of the film, or drift from Piccadilly cafe to Soho bar to Covent Garden late-night shop, usually propelled by someone shooting them away from the proper consumers. They are often inveigled into prostitution and are always seen as easy prey to sexual attack, especially on the part of older homosexual men in night shelters.

Already, the government has recognised the crisis this con-

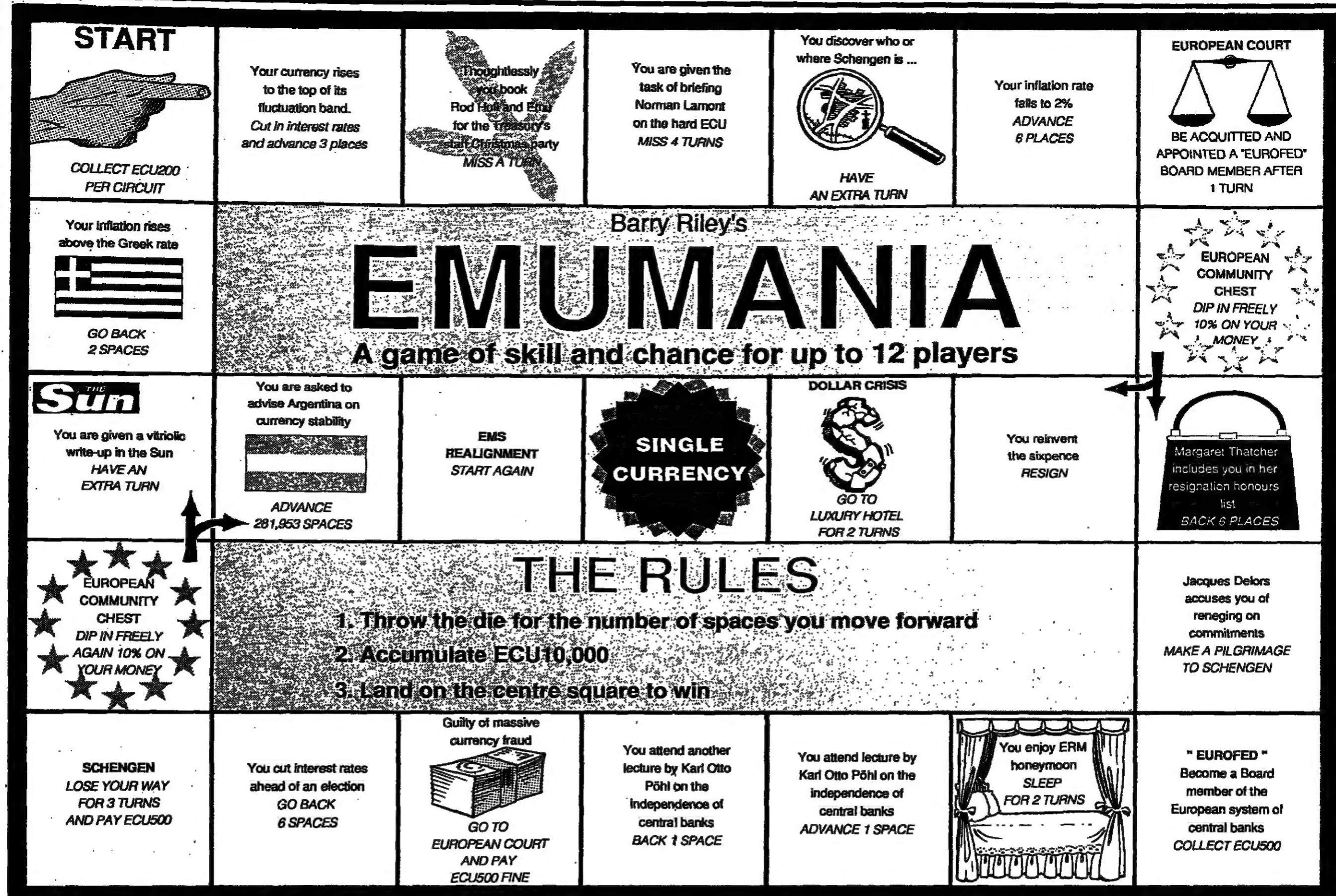
RAISED IN THE HIGHLANDS.



THE FAMOUS GROUSE FINEST SCOTCH WHISKY

QUALITY IN AN AGE OF CHANGE.

John in the



LETTERS

There is more to success than A-level results

Dividends should be a reflection of profitability

From Messrs R.J. Stone and C. Evans

Sir, Norma Cohen's article ("The old order changes", November 17/18) in which, on the basis of a few telephone conversations, she listed the "leading" academic independent schools, was predictably controversial. I regret, however, that so many colleagues immediately responded to the statistics alone and struggled for inclusion. Those of us with the facts and figures to hand could easily add to or subtract from the list on an annual basis, although none would dispute the exceptional and consistent quality of the schools listed or of others to which the article alluded.

What is remarkable, in my view, is that the article defined "top" independent schools on the sole evidence of A-level results with no apparent allowance for the quality of the schools' intake or their location.

My experience leads me to believe that those of us in schools with a highly selective entry and with correspondingly high A-level statistics can all too easily ignore the dedicated and often brilliant teaching to be found in small and less academically selective schools.

Many of the small or less exclusively academic schools, not only by virtue of their extra-curricular and pastoral provision but also as a result of outstanding personal teaching, serve academically limited children with consummate success – albeit not in the crude percentage terms quoted – and offer educational perspectives of the greatest quality. The article, by implication, did a grave disservice to those less selective independent schools which provide such an education and in which a "low pass" at A-level represents for many pupils a triumph of dedication.

One hopes that, when the Financial Times approaches this subject again, it will do so on the basis of less narrow research and discuss qualities in independent schools which explain their rapidly increasing popularity for reasons other than the limited basis of A grades alone.

A.C.V. Evans
Portsmouth Grammar School
High Street
Portsmouth

From Mr Roderick Pace

Sir, Mr John Wyles ("Club list closed for rule changes", December 8/9) wrote an interesting piece on the future of the EC and the question of enlargement. When he dealt with Malta's application, he stated that "Cyrus and Malta, which also have applications on the table, also pose membership problems which officials and diplomats are not yet ready to face." Considering that Malta has a population of only 350,000, a GDP that grows by about 9 per cent annually, trade links with the EC that are far stronger than most member states have between one and other (some

90 per cent of domestic exports and 75 per cent of imports are with the EC), not to mention direct foreign investment, the bulk of which originates with the EC, it is hard to imagine what problems Malta's membership poses.

With a small open economy, domestic exports accounting for 45 per cent of GDP, Malta has every economic interest to join the EC. With its minuscule agricultural sector (3.6 per cent of GDP) and negligible unemployment (4.09 per cent), it is hardly the candidate that would tax the CAP or the structural funds.

Politically, Malta has a parliamentary democracy with a

Commissions: the debate rages

From L.J. Dunn

5 Succombs Place, Warlingham, Surrey

5 Year Term

5 Year Option

UK COMPANY NEWS

Completion of Isosceles' £257m refinancing near

By Maggie Urry

THE £237m refinancing of Isosceles' balance sheet was all but completed yesterday following lengthy meetings between the company, its bankers and its shareholders over the last month.

Details are expected to be announced before Christmas, once documentation related to the deal has been finalised.

The refinancing involved raising £150m of new equity to supplement the original £200m put in when Isosceles succeeded with its £2.1bn leveraged takeover of the Gateway food retail group last year.

A further £87m of equity will be created by converting some of the group's £275m mezzanine finance, which pays interest at rates between 2.5 and 3.5 per cent above London interbank offered rate.

The money raised is less than earlier expectations. In October Mr David Smith, Isosceles' chief executive, said that the group would raise nearer £200m of new equity as well as converting some of the mezzanine debt.

Isosceles' cash injection will allow Isosceles to reduce its heavy debts and its interest rate burden. At October 1 the group had senior debt of £1.05bn, of which £675m is capped at 12.2 per cent. Another £600m is paying interest at 2 percentage points over US interbank interest rates.

Great Atlantic & Pacific Tea Company, the US food retailer which has a stake of almost 20 per cent in Isosceles as a legacy of a rival bid for Gateway, is understood not to have put new money into the group. However in its capacity as a shareholder it has been supporting the deal.

As a result Wasserstein Perella, the US investment banking boutique which was the

rival bidder with A & P, has increased its stake from nearly 20 per cent to approaching 40 per cent.

Banks and shareholders were ready to support the refinancing because Isosceles has been trading better than originally expected. In the first quarter of the current financial year, which ends in April, the group made a pre-tax profit of £2.6m after paying interest charges of £41.5m.

Isosceles needed to reduce its debt levels through the refinancing because it failed to sell some assets earlier this year putting it in danger of breaking its bankers' covenants.

It had intended to reduce debt from the sales of Hermann's, its sporting goods retail chain in the US, and the Scottish and north of England Gateway stores. Last year it sold most of Gateway's superstores raising £765m.



David Smith: initially announced raising of 200m of equity

Australian bank calls receivers to Charterhall

By Clay Harris, Consumer Industries Editor

ADMINISTRATIVE receivers were appointed yesterday to Charterhall, the Australian-controlled UK holding company for Tandem Shoes and Coral. Together, the footwear retailer and textile manufacturer employ more than 5,000 people in Britain.

The decision to appoint receivers was taken by State Bank of New South Wales, which is Charterhall's largest creditor and in effect its largest shareholder because it holds the debenture on a 40 per cent stake owned by Westpac, an Australian company which went into liquidation in February.

The pension fund trustees are also proposing that Ensign Trust should sell its portfolio of £340m of holdings - 60 per cent of which are in unlisted companies - over the next five years.

Such a move would affectively liquidate Ensign Trust. Its assets rose 10p to 58p yesterday.

The receivers' yesterday stressed that Tandem and Coral, whose operating subsidiaries are Textured Jersey, Draperite and Harcourt Textiles, were not affected by the move.

They would continue to operate under existing management, and funds were available from State Bank to enable them to trade normally. Mr Chris Hughes and Mr John Powell of Cork Gully said: "We are not seeking an early sale of any company which does not reflect true value."

In due course, Mr Hughes said, State Bank expected the operating companies to establish new independent identities. In the meantime, the group would proceed with the business plan devised by Mr Graham Steele, managing director.

State Bank turned to receivership when it became clear than any other form of restructuring, such as raising new equity, was unlikely to be in its interest as a creditor.

The appointment of receivers confirms that shares in Charterhall, which were suspended at 95p in December 1989 valuing the company at £45.2m, are worthless. Charterhall's market value peaked at £117m in July last year.

Westpac, run by Australian entrepreneur Mr Russell Goward, took control of Charterhall, originally a North Sea oil and gas exploration company, in 1986. Mr Goward, who is still only 36, made it into an active stock market investor, taking stakes in Bridport-Gundry, a Goldberg, Blacks Leisure, Pittard, Atkins and Hornby among others.

See Lex

Merchant Navy Fund to sever link with fund manager

By Richard Lapper

THE Merchant Navy Officers' Pension Fund trustees yesterday announced they were to terminate a fund management contract with Argosy Asset Management at the end of March.

Argosy is a wholly-owned subsidiary of Ensign Trust, the listed investment trust in which MNOPF has a 78 per cent stake.

The pension fund trustees are also proposing that Ensign Trust should sell its portfolio of £340m of holdings - 60 per cent of which are in unlisted companies - over the next five years.

Such a move would affectively liquidate Ensign Trust. Its assets rose 10p to 58p yesterday.

The MNOPF decision angered non-executive directors of Ensign, Mr Brian Baker and Mr John Gillum, expressed "dismay" at the decision, which they said could prejudice the interests of Ensign's minority shareholders.

Mr Baker and Mr Gillum said that the MNOPF trustees should institute "whatever changes may be appropriate in order to restore a proper level of confidence in Argosy."

"Instead of this, MNOPF appears to be embarking on a course destined to inflict severe damage on Argosy as a credible enterprise."

Ensign Trust's minority shareholders "face an uncertain future" with the "investment manager discredited by their ultimate owners and the value of Argosy as an investment vehicle severely impaired".

Mr Baker and Mr Gillum said that unless an "appropriate offer" for the minority shares in Ensign was made they would "need to consider a detailed investigation into possible legal remedies".

Mr Gillum described the decision as "quite incredible. It is common knowledge that this is a massive U-turn."

Employees at Argosy accept that the fund's performance this year has not been "as good as it should have been".

See Lex

South Audley head to be interviewed in Polly affair

By David Barchard and Richard Donkin

MRS ELIZABETH Forsyth, chairman of South Audley Management, the London investment company raided by the Serious Fraud Office early in its investigation into the affairs of Polly Peck International, announced yesterday that she was to be interviewed by fraud investigators early in the new year.

Mrs Forsyth is thought to have returned to the UK more than a week ago and gone to her home in Grantham.

She issued a statement through her solicitors yesterday which said: "There has been much press speculation concerning myself and the Serious Fraud Office. Quite voluntarily through my lawyers a mutually convenient date for the interview has been arranged for early in the new year.

Until last week she had not been seen in the UK since August, though last month in an interview with a Sunday newspaper she denied involvement in any illegal share dealings and stressed that her absence from London was only temporary.

Forminster advances to £955,000

Waterglade dives sharply

Profits of Waterglade International Holdings, the property developer, trader and investor, dived from £3.13m to £1.55m pre-tax for the six months to the end of September.

Basic earnings per share were 20.75p (18.62p) and the interim dividend is 3.475p (3.028p).

Mr Ronald Gulliver, chairman, said that the present atmosphere in the textile industry was not encouraging and with the general economic uncertainty adding to an already depressed scene.

Burmah wins control of Foseco with support of institutions

By Andrew Bolger

BURMAH CASTROL, the lubricants, fuels and chemicals group, yesterday won control of Foseco after institutional shareholders voted to accept its £250m bid for the speciality chemicals and abrasives producer.

Burmah declared its increased and final cash offer of 300m unconditional after receiving acceptances representing 33.5 per cent of Foseco's shares. Together with the 29.9 per cent stake it had acquired before yesterday's close, Burmah controls 63.5 per cent of the equity.

The announcement came minutes after the market had closed with Foseco's shares up 10p at 285p. Burmah Castrol shares were 10p higher at 285p.

Mr Jonathan Fry, Burmah's managing director, was delighted by the outcome. He said: "We had the support of most of the major institutions, which we consider to be a mandate for our strategy."

Foseco said: "We would particularly like to thank our loyal shareholders, but in the end of the day cash is king."

Burmah was attracted by Foseco's niche business of providing metallurgical chemicals to the steel, foundry and aluminium industries and the group's construction chemicals division. However, it intends to review and possibly dispose of Foseco's interests in abrasives, diamond products and bathroom accessories.

Mr Tom Long, chairman of Foseco, made a late attempt to sway shareholders by promising to sell the group's construction chemicals division and return the proceeds to shareholders.

Mr Fry said the acquisition would lift Burmah's gearing to about 50 per cent, although this would be reduced by orderly disposals. However, he emphasised that Burmah was not under any financial pressure and would not be a forced seller.

Burmah intends to amalgamate Foseco's construction chemicals division with its sealants operation, which trades under the Expandise brand. It says these two businesses would have an annual turnover of more than £100m.

See Lex

Astra plans capital restructure

By Richard Gourlay

ASTRA HOLDINGS, the munitions company, has announced plans for a capital restructuring, following its near collapse after last year's disastrous acquisition of a Belgian munitions company had led to a Department of Trade & Industry investigation.

The plan, if approved by the High Court, will all but eliminate the £28.9m deficit on revenue reserve - the cumulative total of profits and losses - which Astra reported in March.

This followed the closure of the acquired subsidiary and the arrival of a new management team brought in by institutions.

The reconstruction would remove the restraints on the payment of dividends and the raising of capital and allow the company to resume growth. Mr Ray Barber, chairman, said:

"Astra is seeking shareholder approval for the ordinary shares to be reduced from 25p to 10p, and transfers to the profit and loss account of £13.6m from share capital and £26.9m from the share premium account.

This will leave a deficit on the revenue account of about 24m. Astra hopes the High Court will approve the restructuring by next April.

In the six months to September, Astra made pre-tax losses of 22.47m on turnover of 244.33m, including an exceptional gain of £66.9m from unrealised currency gains following the switching of some

interests in the US dollar.

Interest on the 240m debt remained above 10% and Mr Barber said reduction of the group's debt remained a top priority. The group would continue to try to sell non-core businesses.

The crisis in the Gulf has delayed orders in the US although in the UK there was still room for improvement, Mr Barber said. An \$18m order from the US Defense Department had helped the US subsidiary to a record order book.

June. This compared with a £3.43m pre-tax loss in the comparable period last year. Mr Barber said direct comparison with last year's figures might not be relevant given that pre-tax losses for the year to end March amounted to £23.81m.

Interest on the 240m debt remained above 10% and Mr Barber said reduction of the group's debt remained a top priority. The group would continue to try to sell non-core businesses.

The drugs company decided to sell the business as part of the review of its activities which began in July with the appointment of Sir Alastair Frame as chairman and Mr John Robb as chief executive.

The hygiene service business, which employs 900 people and operates in 22 countries, does not fit into the Wellcome portfolio and Rentokil has been interested in buying it for some time. Both groups heralded the deal in mid-November, when news began to leak out.

Rentokil said the Calmick acquisition would give the group its first important operating subsidiary in Italy and new operations in Australia and Taiwan. In the year to September 1, Calmick broke even on turnover of £23.5m and had net assets at that date of £9.7m.

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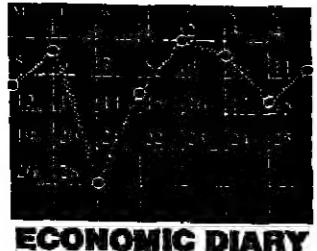
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ECONOMIC DIARY

TODAY: Annual Gulf Cooperation Council summit meeting of Saudi Arabia, Kuwait, Bahrain, Qatar, United Arab Emirates and Oman to be held in Doha. Mr John Major, prime minister, returns to Washington where he is expected to hold a news conference. Mr Chadli Benjedid, Algerian president, continues his search for an alternative to war in the Gulf, visiting Paris and Madrid.

TOMORROW: Yugoslav republics of Serbia and Montenegro hold second round of regional parliamentary and presidential elections. Republic of Slovenia holds independence referendum. Mr Jean-Pierre Chevénement, French Defence Minister, visits French troops in the Saudi desert.

MONDAY: Emperor's birthday in Japan - markets closed.

TUESDAY: Christmas day. Japanese leading diffusion index (October).

WEDNESDAY: Boxing day. Bank of Japan issues regular statement. US home sales (November). Japan retail sales figures (November).

THURSDAY: Bank consortium meets in Frankfurt to set terms on new Federal Bund. US durable goods orders (November); initial claims for week ended December 15 and consumer confidence (December). Japan statistics include trade balance (November); current account (November); industrial production (November); investment in foreign bonds (November); construction orders (November).

FRIDAY: Insurance and pensions (third quarter) announced by the Central Statistical Office. Department of Transport issues figures for new vehicle registrations during November. The Department of Energy publishes energy trends figures (October). US import/export prices figures for November; lead indicators (November); M2 and M3 (for week ended December 17); bank credit (November); and commercial and industrial loans (November). Japan unemployment rate figures (December); December cost price index (Tokyo); and November cost price index (Japan). French cost price index (November).

FT-ACTUARIES SHARE INDICES												
The Financial Times Ltd 1990. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries												
EQUITY GROUPS		Friday December 21, 1990					Highs and Lows Index					
Figures in parentheses show number of stocks per section	Index No.	Day's Change %	Gross Div.	Ex P/E Ratio	Yield %	Act. Val. to date	Index No.	Index No.	Index No.	1990	Since	Completion
		(Max.)	(Max.)	(Max.)	(Max.)	1990				High	Low	Low
1 CAPITAL GOODS (196)	721.34	14.75	6.62	8.28	35.31	721.34	722.33	722.17	988.97	96.00	4 / 1
2 Building Materials (26)	981.28	+0.7	14.66	6.23	8.39	45.71	974.53	974.81	974.81	1188.22	3 / 1	9.1
3 Chemicals, Consumer (14)	1000.20	-0.1	14.50	6.15	8.30	45.71	1000.78	1000.78	1000.78	1188.22	3 / 1	9.1
4 Electronics (10)	1002.23	-0.5	14.77	6.01	8.28	45.71	1002.23	1002.23	1002.23	1188.22	3 / 1	9.1
5 Engineering-Aerospace (26)	1002.23	-0.5	14.77	6.01	8.28	45.71	1002.23	1002.23	1002.23	1188.22	3 / 1	9.1
6 Engineering-Aerospace (26)	1040.08	+1.2	16.41	6.04	7.21	17.27	999.30	1002.03	1002.22	1002.22	4 / 1	9.1
7 Engineering-General (40)	1044.49	-0.1	14.02	6.04	7.21	17.27	999.30	1002.03	1002.22	1002.22	4 / 1	9.1
8 Metal and Metal Forming (22)	1022.18	-0.1	12.29	8.55	5.47	24.32	1022.46	1022.47	1022.47	1022.47	15.16	4 / 1
9 Motors (13)	294.97	+0.2	16.92	6.09	8.59	17.45	294.97	294.97	294.97	294.97	15.16	4 / 1
10 Other Industrial Materials (22)	1251.29	-0.1	13.47	6.53	8.59	16.67	1250.02	1251.51	1251.51	1251.51	15.16	3 / 1
11 CONSUMERS GROUP (78)	1280.13	-0.1	9.99	4.22	12.44	38.20	1280.13	1280.28	1280.33	1280.33	15.16	3 / 1
12 Food Manufacturing (19)	1034.35	-0.4	11.20	4.77	10.34	34.87	1034.35	1040.99	1041.36	1041.36	15.16	3 / 1
13 Health & Household (10)	1229.25	-0.2	9.89	3.82	13.33	44.97	1229.25	1229.25	1229.25	1229.25	15.16	3 / 1
14 Household Goods (13)	1000.20	-0.1	14.66	6.15	8.30	45.71	1000.20	1000.20	1000.20	1000.20	15.16	3 / 1
15 Paper & Paper (12)	1028.49	-0.1	13.20	5.54	9.85	28.00	1210.24	1210.24	1210.24	1210.24	15.16	3 / 1
16 Publishing & Printing (13)	1222.01	-0.3	12.30	5.47	9.98	24.32	1223.46	1223.46	1223.46	1223.46	15.16	3 / 1
17 Textiles (12)	1062.78	-0.1	12.13	5.02	10.32	40.95	1062.78	1062.78	1062.78	1062.78	15.16	3 / 1
18 Stores (34)	785.45	-0.6	10.90	4.66	11.92	25.73	785.45	785.45	785.45	785.45	15.16	3 / 1
19 Textiles (12)	411.47	-0.2	14.15	5.63	9.07	27.62	410.46	408.18	408.18	408.18	15.16	3 / 1
20 OTHER GROUPS (105)	1015.09	-0.1	12.55	5.69	9.64	25.55	1015.09	1015.09	1015.09	1015.09	15.16	3 / 1
21 Agencies (14)	923.33	-0.9	14.68	3.64	10.55	25.00	915.53	926.95	926.95	926.95	15.16	3 / 1
22 Chemicals (24)	1051.58	-0.4	12.87	6.42	9.17	19.36	1051.58	1051.58	1051.58	1051.58	15.16	3 / 1
23 Conglomerates (13)	1022.13	-0.2	13.52	7.68	8.81	25.45	1024.05	1024.05	1024.05	1024.05	15.16	3 / 1
24 Transport (15)	1094.03	-0.1	13.67	5.59	9.00	19.19	1094.03	1094.03	1094.03	1094.03	15.16	3 / 1
25 Telecommunications (5)	2125.51	-0.1	14.49	5.64	11.45	24.54	2125.51	2125.51	2125.51	2125.51	15.16	3 / 1
26 Miscellaneous (26)	1572.10	-0.6	11.92	5.65	9.73	24.29	1587.51	1587.51	1587.51	1587.51	15.16	3 / 1
27 OTHER GROUPS (105)	1040.70	-0.1	11.62	5.19	10.57	27.64	1040.70	1040.70	1040.70	1040.70	15.16	3 / 1
28 OH & Gas (21)	2151.05	-0.8	9.66	3.13	13.51	22.52	2150.92	2152.14	2152.14	2152.14	15.16	3 / 1
29 OTHER SHARE GROUPS (11)	1045.52	-0.2	11.49	5.24	10.75	22.52	1130.52	1130.52	1130.52	1130.52	15.16	3 / 1
30 FINANCIAL GROUP (62)	1150.86	-0.2	8.70	4.70	10.55	35.36	1149.50	1150.86	1150.86	1150.86	15.16	3 / 1
31 Banks (9)	760.31	-1.1	21.18	7.61	6.18	43.40	760.31	760.31	760.31	760.31	15.16	3 / 1
32 Financial Life (7)	1022.29	-0.1	12.87	6.42	9.17	19.36	1022.29	1022.29	1022.29	1022.29	15.16	3 / 1
33 Insurance (Composite) (6)	622.29	-0.7	8.70	4.67	10.22	22.00	626.69	626.69	626.69	626.69	15.16	3 / 1
34 Insurance (Brokered) (3)	1032.12	-0.4	7.62	4.52	17.19	48.39	988.94	988.94	988.94	988.94	15.16	3 / 1
35 Merchant Banks (7)	357.76	-0.6	5.44	5.74	24.50	35.98	357.76	357.76	357.76	357.76	15.16	3 / 1
36 Property (44)	971.50	-0.1	7.27	5.12	18.61	35.10	972.63	984.93	984.93	984.93	15.16	3 / 1
37 Other Financial (23)	1019.39	-0.3	11.90	7.15	11.74	20.00	210.40	210.40	210.40	210.40	15.16	3 / 1
38 Investment Trusts (7)	1008.44	-0.5	8.42	4.02	9.28	20.58	1008.73	1015.18	1015.18	1015.18	15.16	3 / 1
39 Overseas Traders (5)	1193.39	-0.3	11.90	7.00	10.50	1106.34	1106.34	1106.34	1106.34	15.16	3 / 1	
40 FTSE 100 SHARE INDEX (677)	1039.42	-0.2	5.43	4.28	10.27	20.62	1039.42	1039.42	1039.42	1039.42	15.16	3 / 1
41 FTSE 100 SHARE INDEX (2)	2164.4	-0.5	2124.6	2124.6	2128.7	2126.10	2164.4	2164.4	2164.4	2164.4	15.16	3 / 1
42 FTSE 100 SHARE INDEX (2)	2164.4	-0.5	2124.6	2124.6	2128.7	2126.10	2164.4	2164.4	2164.4	2164.4	15.16	3 / 1

FIXED INTEREST												
		AVERAGE GROSS REDEMPTION YIELDS					1990					
PRICE INDICES	Fri Dec 21	Day's change %	Thu Dec 20	xd adj. today	xd adj. to date	1990	Fri Dec 21	Thu Dec 20	Year ago (approx.)	1		

INTERNATIONAL COMPANIES AND FINANCE

Bridgestone cuts annual profits forecast by half

By Stefan Wagstyl in Tokyo

BRIDGESTONE, the Japanese tyre maker, yesterday announced a 50 per cent cut in its 1990 profits forecast, caused mainly by heavier-than-expected losses at Firestone Tire and Rubber, the US company it bought two years ago for \$2.6bn.

The report highlights the size of the burden imposed on Bridgestone's resources by Firestone and the scale of the problems some Japanese companies face in managing overseas acquisitions.

Bridgestone said it would make a consolidated net profit of Y10bn (\$101.3m), down from an earlier estimate of Y20bn. Sales are expected to total Y1.780bn, slightly less than forecast.

The net profit forecast for the parent company, which operates principally in Japan, was left unchanged at Y5bn. This implies that Bridgestone's

overseas subsidiaries, of which the largest is Firestone, will make a loss of about Y4bn, compared with a loss of about Y30bn in 1989.

Bridgestone yesterday did not mention Firestone by name in its announcement but left little doubt where the problems lay.

It said results in North America and Europe would be worse than expected due to a decline in demand both for replacement and new tyres.

Lower output had increased production costs.

In addition, Bridgestone suffered an unspecified loss due to the disruption caused by civil war at a natural rubber plantation in Liberia owned by the company.

The latest setbacks in North America and Europe could cast doubt on Bridgestone's ability to meet its target of making Firestone profitable by 1992.

Bridgestone shares fell Y60 to Y101 yesterday.

AMB puts DM250m into BfG

By Katharine Campbell

AACHENER und Münchener Beteiligung, the big German insurance group, has pumped a further DM250m (\$167m) into BfG Bank, the struggling export trade union bank in which it holds a 51 per cent stake.

The injection of fresh funds is primarily to cover risk provisions for loans to eastern Europe, and the costs of a far-reaching restructuring programme initiated in mid-summer.

AMB denied that difficulties at BfG could force it to dispose of other shareholdings. "There is no question whatsoever of the sale of any holdings of the group," it said, pointing out that funds totalling DM448m

had been raised this year in addition to DM200m of "disposable funds" already available.

BfG has already requested a capital injection of DM1bn in 1990 and 1991 from its two shareholders AMB and BGAG, the trade union holding company divided equally between the two owners. The first tranche was paid in October, and the second DM500m will follow in the first quarter of 1991.

AMB and BGAG have both contributed another DM250m, as eastern European loans have turned sour, and the restructuring programme, thought to include a reduction in the total staff by at least a

third and costs of more than DM100m, begins to take effect. AMB contends that BfG's turnaround, initiated by the new BfG chief Mr Paul Wiesandt, is progressing smoothly. The job reduction scheme has been internally agreed and a streamlined branch structure will take effect from January 1991. Recently, BfG took a 54 per cent stake in an east German bank.

However, AMB has never made any secret of the fact that for the past six months the group has been looking for a partner to share an unspecified portion of its BfG holding.

Alberta clears C\$1.6bn pulp mill

By Robert Gibbons in Montreal

ALBERTA has finally cleared the controversial C\$1.6bn (US\$1.4bn) Japanese-controlled Alberta-Pacific Forest Industries' pulp mill, but environmental groups threatened to fight on to block it.

The bleached kraft pulp mill, with 500,000 tonnes annual capacity, has been stalled for more than a year by environmental concerns, and inflation has added C\$300m to the cost.

The mill will be built on the Athabasca river in northern Alberta.

Alberta-Pacific Forest Industries is controlled by Mitsubishi Corp and Honshu Paper of Japan.

Norway moves to prop troubled banking system

By Karen Fossli in Oslo

NORWAY'S BANKING Guarantees Fund agreed yesterday to transfer capital to members in a move aimed at ensuring stability and confidence in the troubled banking system.

The fund separately agreed to provide a conditional Nkr1.5bn (\$225m) guarantee to Fokus Bank - Norway's third biggest bank which yesterday forecast net losses of Nkr600m in 1990 due to a Nkr300m loss on loans and guarantees.

Norway's banks have suffered big credit losses during the last four years because of the downturn in the country's oil-dependent economy which was hard hit in 1986 by a plunge in world oil prices.

According to Mr Trond

Reinertsen, the president of the Norwegian Bank Association, which administers the guarantees fund, the fund had Nkr4.19bn at the end of November, representing about 50 per cent of the share capital of the commercial banks.

To earn support from the fund, Fokus Bank agreed to write down its share capital by 50 per cent, which meant that the face value of shares was cut to Nkr30 a share. The agreement between Fokus and the fund is for three years with rights for renewal.

This week, Christiania Bank, Norway's second biggest bank, forecast credit losses of Nkr1.68bn, double those of 1989.

Australian SE move may help News Corp

By Tim Blue in Sydney

THE Australian Stock Exchange has decided to allow listed companies to issue participating preference shares - a variation on non-voting shares - in a move which is likely to help Mr Rupert Murdoch's News Corporation.

Mr Laurie Cox, chairman of ASX, said companies would have to obtain shareholder approval for such issues, among other conditions. But the decision has not met the approval of Australia's biggest investor, the AMP Society.

But the company has balked at carrying out large-scale layoffs, partly because Japanese companies rarely resort to such means and partly because of fears of arousing a political backlash against Japanese business in the US.

Bridgestone shares fell Y60 to Y101 yesterday.

The ASX chairman said the new class of preference shares would not be allowed to outnumber ordinary shares issued and they would have preference to both capital in the event of a wind-up and a commercial rate of dividend. He said the preference shares would have full voting rights at any meeting called to reduce capital, to wind up or to sell the undertaking. Preference shareholders could also vote when the proposal affects the rights of the holders or if the dividend is more than six months in arrears.

After a discussion paper issued by the ASX in October, various institutions, including the AMP Society, strongly opposed the introduction of non-voting or limited voting shares. Mr Cox said the ASX recognised the need to change its requirements on participating preference shares to meet the market's demand to trade in such securities.

The AMP's chief manager of investments, Mr Leigh Hall, said he remained emphatically opposed to any form of non-voting shares - "as are all thinking investors".

Dutch insurers complete talks

CENTRAAL Beheer and Avéro, two leading Dutch mutual insurance companies, have successfully completed merger talks aimed at creating the country's third largest insurance group and its biggest direct writer of insurance, wrote Ronald van de Krol in Amsterdam.

The new combine, provisionally named Avéro Central Beheer Group (AVCB), expects to post 1990 turnover of Fl 4bn (\$2.4bn).

Feldschlösschen reported a

cash flow of SF54.9m on consolidated sales of SF87.1m last year and the parent company posted a net profit of SF9.5m.

Between them the two companies control some 80 per cent of the Swiss beer market. They also make non-alcoholic beers and other drinks, which have had some success as exports, notably to the US and Saudi Arabia.

Production and consumption of Swiss beer have been stagnating at just more than 4m hectolitres a year, while imports have climbed to 11.8 per cent of domestic consumption last year from 2.6 per cent in 1970. Foreign brands, such as Kronenbourg, Heineken and Tuborg, have taken a substantial share of the market for more expensive and more profitable beers.

Mr Sam Hayek, Sibra's managing director, said that, instead of exhausting themselves in a sterile price war, the two Swiss concerns had decided to join forces to counter foreign competition.

Eurocom moves into the top 10

George Graham and Alice Rawsthorn talk with Alain de Pouzilhac, the driving force behind the growing French advertising group



Alain de Pouzilhac: cheerful, with a line in self-deprecating wit.

Eurocom also plans to accelerate the development of its interests outside advertising, such as public relations, sales promotion and direct marketing. This division, headed by Mr André Aroux, now accounts for 30 per cent of group activity but is expected to grow to 40 or 45 per cent.

Despite these plans, Mr de Pouzilhac insisted that Eurocom's debt will not be higher than FF500m (\$55m) - below 50 per cent of shareholders' funds - by the end of the year. He says it could raise FF1.5bn in the capital markets should the need arise.

He remains confident about the group's earnings potential, with net profits from current operations expected to top forecasts with a gain of more than 30 per cent to FF1.5bn this year. The French advertising market has slowed in recent months but Mr de Pouzilhac is convinced Eurocom can outstrip the market next year.

How will it achieve this? Mr de Pouzilhac prefers to evade the question with a veil of Gallic charm.

The campaign slogan for the launch of Eurocom Advertising asks: "Can an advertising network founded in France be successful worldwide?" The answer is a picture of some femme fatale.

"We are French, after all," he said. "If we had talked about methods and structures, no-one would have taken us seriously. So we put a pretty girl there instead."

Switzerland's two biggest brewers to join forces

By William Dufford in Geneva

SWITZERLAND'S two biggest breweries, Sibra and Feldschlösschen, have decided to join forces after a bitter two-year battle for supremacy.

Between them the two companies control some 80 per cent of the Swiss beer market. They also make non-alcoholic beers and other drinks, which have had some success as exports, notably to the US and Saudi Arabia.

Production and consumption of Swiss beer have been stagnating at just more than 4m hectolitres a year, while imports have climbed to 11.8 per cent of domestic consumption last year from 2.6 per cent in 1970. Foreign brands, such as Kronenbourg, Heineken and Tuborg, have taken a substantial share of the market for more expensive and more profitable beers.

Mr Sam Hayek, Sibra's managing director, said that, instead of exhausting themselves in a sterile price war, the two Swiss concerns had decided to join forces to counter foreign competition.

The talks were greeted with great enthusiasm last summer, when it was said that the combined business would put the two into the big league in flat products - used mainly for producing cars - and would ensure the survival of both in increasingly competitive markets.

If then seemed that the final deal could take the form of co-operation rather than a full merger of the flat steel business.

The deal, which would have put the enlarged grouping among the largest flat steel producers in Europe with a combined market share of close to 10 per cent of the market, has been beaten by political difficulties from the start.

Arbed's plant is in Flanders, while Cockerill-Sambre's plants - somewhat less efficient - are in Wallonia. The two regional governments are widely understood to have added their hostilities to the talks.

There was a further potential problem over future capacity.

Between them would not be affected.

The market had been prepared for the news by earlier statements from Arbed, saying that the deal was not a "must" and that alternative solutions were possible.

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There was a further potential problem over future capacity.

Flat steel makers call off talks on pooling business

By Lucy Kellaway in Brussels

THE TWO large steel producers of Belgium and Luxembourg, Cockerill-Sambre and Arbed, announced yesterday that they had called off talks for the pooling of their flat steel products business.

The talks were greeted with great enthusiasm last summer, when it was said that the combined business would put the two into the big league in flat products - used mainly for producing cars - and would ensure the survival of both in increasingly competitive markets.

If then seemed that the final deal could take the form of co-operation rather than a full merger of the flat steel business.

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There was a further potential problem over future capacity.

London Markets

SPOT MARKETS

Crude oil (per barrel FOBC) + or -

Cube \$21.85-22.00 -15

Brent Blend (dated) \$21.85-22.00 -30

Brent Blend (February) \$22.00-5.35 -325

WTI (1 pm est) \$22.34-6.37 -327

Oil products (NME prompt delivery per tonne CIF) + or -

Premium Gasoline \$20.23 +3.50

Gas Oil \$19.77 -0.50

Heavy Fuel Oil \$19.44 +1.40

Asphalt \$20.35 -4.50

Petroleum Asphalt \$20.35 -4.50

Other + or -

Gold (per Troy oz) \$381.15 -4.10

Silver (per Troy oz) \$41.45 +4.85

Platinum (per Troy oz) \$420.95 -5.50

Palladium (per Troy oz) \$88.50 -1.05

Aluminum (free market) \$192.25 +12.5

Copper (free market) \$207.00 +12.5

Lead (free market) \$20.75 +1.5

Metal (free market) \$205.00 +4

Tin (Kuala Lumpur market) \$145.19 -0.10

Tin (New York) \$207.00 +2.50

Zinc (US Prime Western) \$20.00 +1.50

Cattle (US weight) \$103.45 -

Sheep (US weight) \$140.00 -

Pork (US weight) \$75.25 -

London daily sugar (per tonne) \$240.00 +1.00

London daily sugar (white) \$230.50 -1.00

Tale and Lyle export price \$237.00 +0.50

Gold (per Troy oz) \$330.00 +10.0

Palm Oil (Philippines) \$327.50 -7.50

Copra (Philippines) \$330.00 +10.0

Soybean (Philippines) \$330.00 +10.0

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LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relating to those securities not included in the FT Share Information Service.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Tidemaster system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

† Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 1904

Treasury 1/95 Gilt 1993 - £355 1/2%

Guernsey Export Finance Corp PLC

12/90 Gilt Ln Stk 2000(Freq) - £1000 1/2%

(1904b)

Corporation and County Stocks

No. of bargains included 3

London County Cm 95% Cm 1920 or after - 2315 (1404b)

Guernsey Corporation Cm 95% Cm 1920 -

3331 1/2%

Birmingham Corp 33% Cm 1945 or after - 2224 (1404b)

Bristol Corp Gilt 80% - 222

(1404b)

London Corp 95% Rst 1915 (Freq) -

216 (1404b)

Manchester City 0/11.5% Rst 1905 -

207 (1404b)

London Corp 95% Rst 1915 (Freq) -

209 (1404b)

Norwich Corp 5% Rst 1920 (1404b)

UK Public Boards

No. of bargains included 3

Agricultural Mortgage Corp PLC 4% Gilt

Stk 1/51 - 2319 (1404b)

Bank of England 0/100% Gilt Ln Stk 1920 or after - 2314 (1404b)

Guernsey Corporation Cm 95% Cm 1920 -

3331 1/2%

Birmingham Corp 33% Cm 1945 or after - 2224 (1404b)

Bristol Corp Gilt 80% - 222

(1404b)

London Corp 95% Rst 1915 (Freq) -

216 (1404b)

Manchester City 0/11.5% Rst 1905 -

207 (1404b)

Norwich Corp 5% Rst 1920 (1404b)

Commonwealth-Government

No. of bargains included 1

Jersey Electricity Co Ltd 6% Rst 1900 -

200 (1404b)

Foreign Stocks, Bonds, etc (coupons payable in London)

No. of bargains included 204

Swiss National Bank 5% Gold Ln 1904 (new)

1404a

International Bank of 9% Cm 1918 -

1500 1/2% (1404b)

Swiss National Bank 5% Gold Ln 1904 -

1500 1/2% (1404b)

Abbey National PLC 100% Gilt 1988 -

1524 1/2% (1404b)

Air Canada 11.1% Rst 1994 (Freq) -

228 (1704b)

Associated Newspapers Holdings 100% Gilt

Stk 1/50 - 2205 (1404b)

Australian Industry Dev. Corp. 10.5% Gilt

1999 - 2334 (1404b)

Baillie Gifford & Cm 1/4% Rst 1983 -

2244 (1404b)

Blue Circle Industries PLC 6% Gilt

Cm Bst 1/50 - 2327 (1704b)

Booker PLC 100% Gilt Cm 1980 -

2105 (1404b)

British Gas 1/95 Gilt 1993 - 1510 1/2%

(1404b)

British Gas 1/95 Gilt 1993 - 1510 1/2%

(1404b)

British Gas 1/95 Gilt 1993 - 1510 1/2%

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LONDON STOCK EXCHANGE

Shares hold steady in nervous trading

THE UK equity market continued to move nervously yesterday against the backdrop of international uncertainties now ranging from the Gulf to Soviet Russia. Domestic factors were largely pushed aside and there was little lasting response to the news that the UK trade deficit had narrowed slightly to £971m in November.

Currency factors were again to the fore but, with attention focused around the weakness in the German mark, not much immediate significance was seen in the easing in sterling in late trading yesterday. Traders commented that the near-term investment outlook is now overshadowed by the possible implications of resignation of the Soviet foreign minister.

Despite this generally

Account Dealings Dates		
First Dealings:	Dec 20	Dec 31
Option Confirmations:	Dec 27	Jan 10
Last Dealings:	Dec 28	Jan 11
Assumed Days:	Jan 7	Jan 21
		Feb 4
*Normal dealings may take place on 28th and two business days earlier.		

gloom investment scene, share prices performed relatively well, and with the help of a higher opening to the new Wall Street session, which showed a gain of 8.91 Dow points in London trading hours. London trading volumes were high, boosted by another heavy list of end-year tax deals. However, traders said that beneath this technological activity there was little genuine investment business. Share volume, which takes in

inter-dealer business as well as customer retail investment, totalled 56.7m shares against Thursday's 56.2m.

Repurchase of shares sold for tax purposes on Thursday evening prompted a firm start in the London market, counter-balancing the overnight setback in Tokyo as Japanese investors made their response to the unexpected developments in the Soviet Union. London could not hold its gain for long, however, and a 4.7 advance in the FT-SE Index was soon reversed as the stock market settled down to await the announcement of the UK November trade figures.

The trade news brought only a very modest improvement in equities, and it was not until Wall Street opened higher, again responding to Thursday's cut in prime rate by First

National Bank of Chicago, that UK stocks brightened again. At the close, the FT-SE Index was 5.6 ahead at 2,184.

The UK government bond market responded well to the UK trade figures at first, and gains in the longer dated bonds ranged to nearly half a point at mid-session. However, the bond sector lost heart as sterling eased in later trading and, by the end of the day, gains in gilt-edged had been almost eliminated. Both short and longer dates ended with a smattering of gains of 1/2 to 1/4.

At Nomura Research Institute Europe, Mr Nicholas Knight commented that bond/equity yield ratios are "reaching the outer boundary of what could be considered normal". He believes that equities will outperform gilts in 1991 and that this trend will show itself

in January "and quite violently."

While the threat of untoward developments in either the Gulf or Soviet Russia is currently dominating investment attitudes, market strategists also continue to draw attention to the dangers lurking on the domestic corporate front.

The strategy team at Smith New Court warned yesterday of "worse to come" as the early weeks of next year bring "scope for further disappointments" as UK companies with December year-ends report on 1990 trading experiences. The firm suggests that trading problems will, for many of Britain's leading industrial names, be accentuated by the expiry of foreign exchange cover and the impact of ERM membership.

Referral unsettles Enterprise

A GOOD early showing by Enterprise Oil shares was undermined by news that the UK Secretary of State for Trade and Industry had referred to the Monopolies and Mergers Commission the proposed acquisition by French oil group Elf Aquitaine from Amoco of some 200 service stations, and also its 70 per cent stake in the Milford Haven oil refinery and other interests. The reference came about because of Elf's status as a state-owned entity. The UK has said that it would look unfavourably on bids from state-owned entities. Elf moved to acquire the interests in August this year.

Dealers immediately focused on the referral as having implications for Enterprise, where Elf speaks for a 25 per cent stake acquired some two years ago from Lasmo for around 45p a share.

"Obviously this has dealt a blow to any chances of Elf taking a tilt at Enterprise in the future," said one oil sector specialist. Enterprise settled 7 down at 593p.

BAT easier

Bat Industries lost ground as a series of stories hurt sentiment. Top of the list were renewed concerns, first revealed with the companies third quarter figures in November, over the level of provisions against property losses at the company's Eagle Star operation.

Secondly, news of problems with the Brazilian tobacco harvest led to fears for margins on the cigarette business. BAT said last night that "there is certainly no surplus of tobacco leaf around" but market-makers were inclined to dismiss the story by pointing out that Rothman International was unlikely to be immune from tobacco price rises and yet its share had risen 12 to 758p. UK press comment on US tobacco litigation was similarly discounted.

Finally the departure of two senior members of staff at Allied Dunbar, the financial services group owned by Bats, last week triggered speculation that there would be more job losses in the new year. Bats replied "Fears of more departures are groundless."

BATs lost 12 to 583p. The

day's lowest level. Turnover was 3.6m shares, high for the stock.

WPP shaken

Another twist was added to the sharp decline of WPP, the world's biggest advertising group, when the company revoked its 1990 interim dividend. The shares went ex that dividend, worth 13.7p gross, on November 19. WPP also warned that "it may... be some time before the group can resume the pattern of growth in profits and earnings experienced up until a few months ago."

WPP dropped 19 at one point before rallying to 50p, down a net 11. The shares peaked at more than 760p in August 1989 and were trading at almost 560p as recently as July this year.

Analysts trying to look on the bright side pointed to WPP's statement that "while revised arrangements are being progressed, we are pleased to confirm our major banks have reaffirmed their support and commitment to the group."

One analyst explained:

"Everything is in the hands of the bankers."

Barclays Bank continued to rally from the weakness induced by widespread profit downgrades instigated at the start of the week by many broking houses. At the close Barclays were 5 ahead at 360p.

Lloyds, similarly, picked up 4 to 296p. Midland, on the other hand were slightly easier at 287p while the Water Package

after Panmure Gordon's Tim Clarke highlighted the weak position of the bank after Monday's news that Hongkong & Shanghai Banking had sold its 10 per cent stake. Panmure's Clarke said not only does Midland have a badly uncovered dividend but its capital position is very tight once its LDC provisions are raised to those of its peer group.

The on-off analysis meeting triggered heavy turnover but no change in the share price at Guardian Royal Exchange which settled at 180p on turnover of 5m.

Electricity shares ran into a minor bout of selling pressure as the majority of private investors received their allotments. Selling by the public was evident from the increase in levels of activity in the individual stocks dealers said, but traders maintained there were eager institutional buyers of most of those. Business was spread evenly throughout the sector.

Midland, 5m, was the most actively traded stock, with the shares 6 off at 143p. Yorkshire, with 5.5m traded, was close behind and the shares dropped 8 to 160p. London Electricity lost 3 to 146p on 5.6m and Eastern 3 to 138p on 5.1m. The Electricity Package settled 8. The downing.

Water stocks, by contrast, were keenly bought by institutions although dealers were reluctant to run down their book levels, anticipating further demand in the start to the new year. Severn Trent outperformed, closing 6% higher at 237p while the Water Package

moved up to 42.563.

The big oil and gas issues responded positively to news that Iraq had instigated plans to evacuate 250,000 people from Baghdad, the country's capital. They recovered a little to end at 945p, down 28 on the day.

The builders showed some resilience with most of the majors enjoying a rise. RMC and Tarmac both added 4 to 653p and 241p respectively. The strength of sterling yesterday improved the prospects for one market specialist.

Costain was hurt by news of a downgrading by Lings & Crickshank. The forecast for the construction group had already been lowered by

but concern over the prospects for chemicals businesses spilled over in the rest of the sector. At least one large house has said it is looking at downgrading its shares. Henderson hit was London, down 22 to 419p, while Comtradrade dropped 8 to 247p.

Glaxo continued to recover from recent weakness on hopes for the prospects of an anti-Aids drug. The shares climbed 17 to 861p on good volume of 3.2m shares. Traders reported steady US buying of the stock after a New York broker issued a strong buy recommendation.

Marketeers were convinced there was a line of Bank Organisation stock overhanging the market. They said that a block of 300,000 had been disposed of on Thursday but that the sell order had not been completed. Ranks slid 12 to 238 at the day's low of 622p.

Euro Disney was down 37 at one point yesterday, hurt by the company's plans, revealed late on Thursday, to ask shareholders for authorisation to go to the markets to raise FF 55bn (2513m). They recovered a little to end at 945p, down 28 on the day.

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FINANCIAL TIMES STOCK INDICES

	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Year Ago	1990	High	Low	Since 1980	Comp. Low
Government Secs	82.53	82.64	82.83	82.74	82.87	84.49	84.20	74.13	127.4	49.18	(21.4)	(91.35)
Fixed Interest	90.90	90.97	91.14	91.06	90.93	92.67	92.61	102.03	102.03	60.24	(27.75)	(91.35)
Ordinary Shares	1688.4	1687.2	1679.1	1684.2	1680.2	1688.2	1688.3	1510.2	1688.5	45.4	(3.77)	(152.71)
Gold Mines	149.5	145.2	137.2	136.2	140.1	131.8	137.5	135.2	137.4	43.5	(6.2)	(152.71)
FT-SE 100 Shares	2184.4	2158.6	2178.7	2161.8	2157.9	2302.0	2463.7	1990.2	2463.7	98.9	(243.78)	(237.78)
FT-SE Eurotrack 100	955.33	944.03	958.28	972.98	972.00	-	1003.3	944.03	1003.35	944.03	(12.50)	(91.35)
Ord. Div. Yield (%full)	5.58	5.62	5.68	5.67	5.67	5.67	5.67	5.67	5.67	4.57	(2.77)	(152.71)
Earnings Yield (%full)	11.85	11.74	11.81	11.74	11.64	11.17	11.17	11.17	11.17	10.83	(1.17)	(152.71)
SEAO Bargains 4.45pm	32.227	27.360	23.829	23.805	22.998	-	-	-	-	-	-	-
Equity Turnover (Cvmt)	-	1222.23	853.78	1082.25	858.26	739.55	-	-	-	-	-	-
Equity Bargains	-	27.705	23.640	23.785	23.785	23.785	-	-	-	-	-	-
Shares Traded (m)	-	528.4	407.4	531.4	314.7	403.3	-	-	-	-	-	-

GILT EDGED ACTIVITY											
Indices											Dec 20
Dec 19											Dec 19
Gilt Edged											1990
Sargains											1990
5 - Day average											1990

*SE Activity 1974

†Excluding intra-market businesses & Overseas turnover

London report and latest Share index:

Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume Change</th
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FT MANAGED FUNDS SERVICE

- Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-825-2128

Continued on next page

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Weekend FT

Weekend December 22/December 23 1990

SECTION II

AS YEARS GO, 1990 was unusually rich in headline potential. But from the perspective of the *Financial Times*, it was undoubtedly the year in which the plumper fowls of the previous decade came home to roost. The bill for Reaganomics came in, Margaret Thatcher was booted out and a surprising number of entrepreneurs who thrived in the guns-ho, free marketeering climate of the 1980s were put inside. The Japanese finally pricked their own stock market bubble and then, with characteristic efficiency, exported most of the hangover after the party to the credit markets of the rest of the world. And the longest post-war economic recovery, already half throttled by the financial engineers of Wall Street, London and Sydney, met its match - well, near enough - in Iraq's Saddam Hussein.

The question it raises is, how did we all get into such a financial mess? And why did the English-speaking economies, so prone to the liberalising tendency of the 1980s, get into a bigger mess than the Germans and Japanese? Somehow the good ship Anglo-America - the vessel that is loosely called the Anglo-Saxon financial model - seems to have founders, leaving expensive flotsam, jetsam and a raft of human wreckage in its wake. Consider this less than seasonal legacy.

The US Savings & Loans

As the American financial commentator Martin Mayer has remarked, the deregulation of the American thrift industry under President Reagan amounts to the greatest non-violent bank robbery in history. The Administration and Congress conspired to free the Savings & Loans, the US equivalent of building societies, to lend and invest as they saw fit at a time when their finances were failing apart. They also maintained a system of deposit insurance that guaranteed a continuing flow of funds into the shakiest thrfts regardless of managerial ability or probity. The supervisory system, meantime, was run down to provide candlestick economies.

In effect, they sacked the guards and invited the robbers to loot the system, while congratulating themselves on reducing the cost of the guards' payroll. The wonder is that the Mob bothered to persist with violent crime when this tempting white collar alternative offered such easy pickings. Less surprising is that a hungry crowd of Congressmen was caught with all four feet in the trough. The bill: up to \$200bn (£106bn) in today's dollars excluding interest \$600bn if you throw in the interest.

Wall Street's rape of corporate America

Well, not quite Wall Street because Drexel Burnham Lambert's junk bond king Michael Milken moved to Beaufort Hills before the job was finished. But the game was the same: build up a predator with bank and junk bond financing, then let him loose on the corporate sector to buy stakes in any remotely vulnerable looking industrial or commercial giant. Confronted with a hostile takeover or greenmail - "buy back my shares at an inflated price or I'll launch a bid" - the industrialists took advice from the Wall Street investment bankers, who urged any solution that promised to saddle the victim with the largest possible amount of junk and other debt while affording gigantic underwriting and advisory fees to the bank.

The gravy train continues to flow as corporate America collapses: the companies have to take further advice on the sale of assets required to keep the creditors at bay. Such worthies as Goodyear Tire and Rubber, textile producer Burlington Industries and the New York store Bloomingdale's, to name but three well

known in the outside world, have found themselves confronting their problems with financial milestones around their necks. Even the most respected investment bankers have had their mouths in the trough.

The great British credit explosion

The bill for this particular bubble, a deep recession to address the inflationary consequences, provides half the explanation for Thatcher's departure in November. Also responsible was the poll tax, a gross error that could have been avoided had she read Adam Smith as assiduously on the principles of taxation as she read her Bruges Group briefs on Europe - which was, of course, the other fatal mistake.

It all stemmed from the age old British obsession with liberal finance and increased home ownership. The prescription invariably pushes house prices out of reach of those trying to step on to the first rung of the housing ladder, while the rem-

edy invariably involves resort to stop-go economics and unemployment in the attempt to halt an inflationary spiral.

The credit explosion also spawned a takeover boom in a country so unimaginative that it has difficulty thinking up less expensive ways of despatching inefficient incumbent management. ICI quaked and BAT Industries confronted a potential hostile offer from Sir James Goldsmith and his predatory friends. Efficient and inefficient alike battened down the hatches.

As always, a failure of monetary policy has been followed by a collapse in industrial investment. But this time one thing is different. In 1980 the British finally gave up all pretence of being able to conduct a stable monetary policy. Yet instead of imitating the more successful Germans by privatising their central bank they opted for subjugation and the D-Mark tribute.

In the Exchange Rate Mechanism interest rates fail not when UK domestic economic conditions make it necessary, as now, but when German domestic economic conditions require, which is not yet. If that

sounds odd, wait until next year when we may have real moonshine in the inter-governmental conference on European Monetary Union. Is it too much to hope that those who have hitherto been content to hide behind Margaret Thatcher's skirts

will feel obliged to inject some realism into the debate? Would the deficit-laden Italians please come clean?

Also new is the attitude of the authorities to financial spivs. In the past, City watchdogs could be relied on not to round up the usual suspects when evidence of wrongdoing emerged after a boom. But not any more. Ernest Saunders, Gerald Ronson and Anthony Barnes are serving time for illegally rigging the market to facilitate Guinness's bid for Distillers, leading City folk who advised them face trial in the new year. For want of 23m boll Polly Peck's Adi Nadr has kicked his heels for much of this week in Wormwood Scrubs. And now the Serious Fraud Office boasts at its head a fierce female QC, who promises strict correction (and American-style television exposure as the police conduct high profile raids on head offices) for wayward financiers. Everywhere the roundheads are back in charge.

The (temporary?) demise of the Australian entrepreneur

In the 1980s Australia became the residual sink for the financial diseases of the Western world. John Elliott, Alan Bond, Rupert Murdoch (who has since taken American nationality), and the late Robert Holmes à Court, among others, piled bank debt and junk bonds on to frail balance sheets in a newly liberalised financial climate. The collective achievement of these inheritors of the bush ranger's tradition was to notch up an external private debt mountain as they went raiding in foreign markets so much so that Australian monetary policy was potentially hostage to their deal making fortunes overseas.

The Australian entrepreneurs undoubtedly brought colour to the world's financial markets. But most of them were little more than the creation of improvident bankers, who no doubt explain why they did so little to strengthen the tradeable goods sectors of their respective economies. Alan Bond, now facing charges relating to the collapse of the Rothwell merchant bank, did at least demonstrate to the world what most of us always suspected: bankers have forgotten how to read a balance sheet - witness the fact that much of his debt was incurred when his balance sheet showed a deficiency of net tangible assets.

The Anglo-Saxon endgame

Where does all this leave the poor Americans, British and Australians? Their banks, to a greater or lesser degree, are in trouble. Their balance of payments is in

deficit on current account partly as a consequence of the spending spree unleashed by financial liberalisation. And the games with junk bonds and the rest are over.

Significantly, it was the Japanese who blew the whistle when they declined to finance a highly leveraged deal for United Airlines of the US late last year. And now they are demonstrating the nature of the end-game by buying up Hollywood, New York's Rockefeller Centre and just about everything else in sight. The Germans, meantime, have been busy buying chunks of US companies.

As the American family silver is tapped (if you will excuse a mercantilist metaphor), the only questions are whether US banks will have to be rescued by foreign buyers or by American industrial companies with aspirations in financial services, and how much the taxpayer will have to stump up for past folly. Meantime the British are selling their only remaining computer manufacturer to Fujitsu (while continuing to buy up America on someone else's money) and the Australians are selling off Queensland to Japanese investors. The investment bankers, as ever, collect the fees as their impoverished domestic clients head through the exit.

Has the time come to acknowledge that in banking, as in monetary policy, the Germans and Japanese handle these things rather better? In the past their respective cultures have been heavily biased towards debt rather than equity. Their banks conduct much closer relationships with industrialists and their markets are relatively illiquid. Their entrepreneurs invest in products, not in hostile bids and deals. In short, their financial systems are servants, not masters, of domestic industry and commerce.

The Anglo-Saxon attitude towards these dangerous foreign habits is that they are too alien to provide a model. Yet oddly enough the debt financing tradition is not as foreign to the English-speaking economies as often assumed. In 1883, when the British economic ascendancy was just past its peak, 82 per cent of quoted UK securities related to governments and railways, consisting largely of debt. The equity culture was a more recent invention.

Nor is universal banking, in which securities underwriting and commercial banking are combined in one institution, so alien a thing in the US. It was merely killed by the Glass Steagall Act in the 1930s. Hostility to the American universal banks rested on fears of monopolistic concentration and potential conflicts of interest - criticisms that can also be heard today of German banks. The target of criticism was usually J.P. Morgan, whose partners peopled the boardrooms of US industry. Yet a recent study for the US Bureau of Economic Research by Bradford De Long suggests that the cost of those conflicts was outweighed for industrialists by the confidence effect they enjoyed as a result of backing from Morgan. The same study finds an interesting statistical correlation between Morgan's presence on the board and enhanced share price performance in the companies concerned.

All of which makes sense, since Morgan's men provided one crucial thing that has been conspicuously lacking in the highly liquid equity markets of the English-speaking world: a monitoring discipline over wayward management. That, of course, has been provided by banks, and to a lesser extent government, in Germany and Japan. The irony is that the liberalisation and globalisation of finance is finally beginning to infect these notably successful systems. But Anglo-Saxons should not indulge in premature *schadenfreude*. On past form the Germans and Japanese will find highly effective ways of managing the disease.

Flotsam of cut-throat years

John Plender on twelve months in which the Anglo-Saxon economies began to founder

known in the outside world, have found themselves confronting their problems with financial milestones around their necks. Even the most respected investment bankers have had their mouths in the trough.

The biggest casualty could be US monetary policy, if the Federal Reserve feels obliged to relax more than is sensible, for fear of bankrupting much of American industry. Last month the courts gave Milken his come-uppance. But Wall Street lives, ready and willing to play the parasite another day (of which more later).

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The champagne loses its bubbles

CHRISTMAS IS almost upon us, but there is still just time to buy in supplies for the festivities. To make a change from the usual glum discussion of belt-tightening and economic recession I thought that this week, at the risk of trespassing upon the territory of other Weekend FT writers - I would suggest a mixed case made up of the dozen best wines that I have sampled during 1990.

1. Frankfurter Bündesbanker Spätlese 1990 (sometimes known as Pöhlwein)

A powerful German blend, this year for the first time including fruit from both eastern and western districts. Already gaining greater currency in the rest of Europe, it is a prominent example of the modern trocken, or dry, style but does not go always so well with traditional German cabbage-based (*kohl*) dishes. Because of this year's high quality harvest the previous 8½ degree strength may be raised to 9 per cent, provoking protests from rival French vintners.

2. Californian Liebfraumilken

This can be drunk now, but it is one that many Americans are regarding as best locked away for a few years. Something assertive in style, it is a controversial choice, being regarded as mere junk by many experts, but there has always been very high level of interest in this wine, however, and may fall a long way short of expectations if retained to ultimate maturity.

3. Entre-Deux-Villes

Once sold as a sparkling

wine, this is now being marketed as a flat blend by the new proprietor, M Dreyfus. It originates in a zone strictly delineated by the Maurice and Charles domes in the *Sauvignon* country. But enjoy it while you can at the current much lower prices, because despite being replanted with largely American rootstock the estate is threatened by disease and erosion.

4. Château Lamont, Vin Rosé Nouveau 1990

This one was rushed out for consumption on November 28. The vineyard was originally a Rothschild property, but now a major stake is owned by other interests. It may be presumptuous but it is fresh and fruity, and unexpectedly dry with a steely aftertaste and impressive 14 per cent strength. If kept, it may well mellow by the spring, depending on the temperature and the pressure, and the cellar managers forecast that the coldness should dispense later in the year.

5. Vin Nicholas extra sec

This was the controversial winner of the recent *Speculator* magazine wine award. It is a highly conservative blend, admittedly heartily disliked by German wine drinkers because of the massive dose of raspberries. But with its bone-dry body it is a firm favourite of certain British tipplers, especially around the clubland circuit, albeit spoilt for some by the abrasive aftertaste and the smoky bouquet.

6. Bondy's Creek Bin 90

Famous for its spectacular deep red style, this is a typical gutsy and pugnacious Austra-

The Long View



Although 1991 looms menacingly there is still time to drink a toast to 1990, in any one of twelve Wines of the Year

lian concoction. Despite borrowing heavily in its formulation from Europe and America (and, in fact, from just about everywhere) it succeeds in achieving a distinctively Down Under character. You will appreciate the cheeky aggression, fruity overtones and long, lingering finish. Don't worry about the price, your bank

manager will gladly help. Best drunk soon, as, like most Australian wines, it may not last well.

7. Domaine Delors E.C.

Featuring the new Euro-appellation Contrôle, this is a so far only partly-successful attempt to combine as many as 12 different national varieties into a single blend. In parts of the Continent it is thought ready for drinking now, although some experts believe it should be left until 1994, or even 1997, before the various flavours will fuse together satisfactorily in later stages of development. It goes perfectly with Brussels sprouts - mmm!

8. Champagne Lawson 1987

Make sure you obtain the 1987 version - subsequent vintages have been very disappointing, especially the 1988 (even though this *grande marque* was regarded at the time by insiders as "unassimilable"). The '87 represented something of a miracle, with a plump and full style, although the short-lived attempt to copy German quality control standards for *sekt* proved misguided and contributed to the poor subsequent vintages. It is still a great favourite with yuppies in City of London wine bars.

9. Heseltine Memor 1990

English wines have come into their own in the changed climate of 1990, and after four barren years of chilly winds the Heseltine estate has leapt into action following a sudden flowering. Unfortunately the second fermentation was not quite as successful as the first, but the product is now definitely back in the display cabinet. Incidentally, the proprietor has won an environment prize.

10. House Red (Holborn Vintners)

Now being sold off in bulk or in singles, at a cut price for prudential reasons associated with the recent high interest rates, this one is almost worth mortgaging your house for. A faintest hint of sour grapes is buried in a delicious flood of spiciness, pungent raspberries and acidity, with biting after-effects. Offers are invited.

11. Federal Reserve

Definitive American selection from the crumbling banks of the Red River, in the Knacker Valley. Ignore the lengthy health warnings from the Surgeon General, these apply to pregnant women and operators of heavy machinery but not to normal consumers of under \$100,000 worth. Pressing is by a special "crunch" technique which may reduce yields, and success may depend upon pumping in liquidity at the right moment; watch for more attractive discount offers.

12. Blue Lady

A once highly popular branded wine, it seems odd that this market leader has suddenly fallen from favour. The taste has not varied, but perhaps the strident overtones and steely dryness are out of tune with modern kinder, gentler tastes, and it could be that the marketing campaign has failed to adapt to changing consumer preferences. The bag-in-a-box version is recommended (but is not thought suitable for parties).

Seldom

has there been
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Family & Finance: Philip Coggan investigates the January effect

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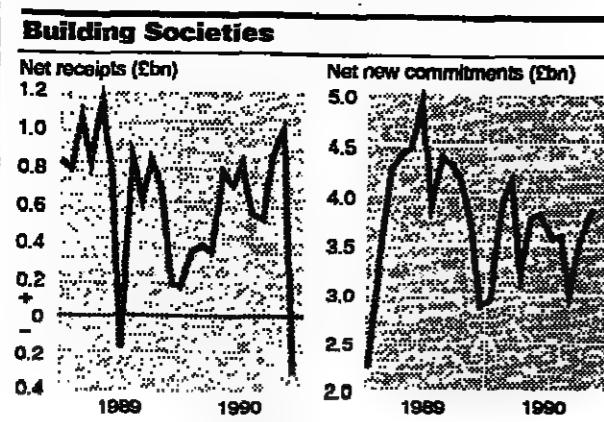
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MARKETS

FINANCE & THE FAMILY: THIS WEEK



Net outflow from building societies

The building societies suffered a net outflow of £308m last month as small investors rushed to apply for shares in the electricity privatisation, according to the Building Societies Association. This is the first net outflow of funds from the building societies since July 1988, when Abbey National converted from a building society to a listed company. However, the BSA expects that much of the money will flow back into deposits in the next couple of months: as the electricity issue was oversubscribed, many investors will be receiving their cheques back in the next few weeks, and others who decide to sell their shares are likely to redeposit the proceeds. Furthermore, the introduction of Tax Exempt Special Savings Accounts (or Tessa) in January is likely to encourage savings and attract deposits for the banks and building societies.

On the mortgage side, lending increased for the third consecutive month with net new commitments amounting to £3.85bn.

The BSA warned that the mortgage and housing markets would remain subdued over the next few months unless there was another cut in the base rate. *Sara Webb*

Slack trading in unit trusts

Trading in unit trusts was very quiet in November with just £522.7m worth of units being bought and £471.7m worth sold, leaving net new investment of £51m for the month. Whether the industry finishes with a positive balance depends very much on whether life companies carry out another switch from units into shares in December. It will not require much switching to swallow up the £207.9m net new investment achieved so far this year. *Eric Short*

Money market fund launched

Swiss Bank Corporation is launching an International Money Market Portfolio in January for investors with a minimum sum of \$1m.

The bank will invest the funds in money market deposits in a spread of currencies with a minimum of 40 per cent of the assets invested in the base currency. *S W*

Christmas reading

The Good Retirement Guide 1991 by Rosemary Brown (price £12.99) is a new guide covering different aspects of retirement from finances to leisure activities. Murray Noble has produced a report called *Ten Best Ways of Reducing Your Income Tax For Managers and Senior Executives*, available from Murray Noble, 41 Whitehall, London SW1A 2BY for £3.50. Profits go to Shelter. The guide covers pensions, company cars, mortgages, investments and inheritance tax.

For those more concerned with how to keep up with the bills rather than how to make the most of their wealth, the Child Poverty Action Group has produced a *Rights Guide for Home Owners*, price £5.50. It covers topics such as dealing with mortgage arrears and how to obtain grants. *S W*

Electricity share offers

Crown Unit Trust Services is offering to exchange electricity shares for holdings in its unit trusts, free of dealing charges.

Crown has a range of nine unit trusts: the minimum investment is £500 and will accept any size of share allocation, as part or full payment. Independent Professional Advisors Services is offering to sell electricity shares at a flat rate of £10 per regional electricity company. This offer is available until January 16 and covers up to four members of the same household for transactions of up to £1,000.

Customers with the Lancashire building society and Town & Country building society who were disappointed in the electricity privatisation will have interest on their cheques backdated to December 4. *S W*

INSIDE...

Loans to carry health warnings

David Lascelles reports on the government's continuing crackdown on the irresponsible marketing of credit, which should make it much harder for lenders to engage in dubious practices. *Eric Short* discloses details of a pleasant surprise for some investors holding certain 25-year profit-with-savings contracts which mature next year. And *Sara Webb* concludes our Family & Finance series on investment trusts with a look at the role of Personal Equity Plans in the sector. *Page IV*

Minding Your Own Business

Sinclair Robleson meets a model businessman who swapped a career flying fighters in the Royal Air Force for a business-making model boats. *Clive Fawles* reports on a tour of the UK's most busy making plans for next Christmas, and *Peter Wilson* of the Enterprise Partnership gives tips for surviving in a recession. *Barbara Conway* continues our series on business software with a light-hearted look at computer games. *Page V*

LONDON

The broker that got it right — in retrospect

IT HAS BEEN an excellent year for Back, Track & Hind-sighter, the little-known stockbroker.

Market analysts at larger securities houses have filled rubbish skips with circulars, no sooner published than rendered out of date by 1990's fast-moving political, diplomatic and economic events.

What happened to those January reports which forecast the FT-SE 100 Index would rise to 2,700 by the year-end, for example? At the close last night, Footsie was standing at 2,164.4, nearly 11 per cent down on the opening level of 2,422.7 when trading started back on January 2. No wonder so many City staff are facing the sack — they are not up to the job of providing accurate forecasts.

But from their unassuming offices in Old Moore's Court, EC3, BT's crack equities team has provided a steady flow of uncannily retrospective reports for clients: briefings notes like

"Too Late Now To Buy Oil" (August 4); "We Knew She Would Resign" (November 20); and their mould-breaking circular "ERM: One Week After The Best Moment To Buy Equities" (October 6).

In the last 12 months, the broker has not made a single mistake. But even Nick Nostradamus, BT's gnarled, 110-year-old head of UK equities, would admit that 1990 has been a difficult year.

The problems of forecasting for 1990 can be summed up in three words, or, to be more accurate, a noun, an abbreviation, and a proper name: recession, ERM and Saddam.

Recession — in the UK and worldwide — has provided the sombre backdrop to an equity investment this year. For almost everybody except John Major, in his invocations as Chancellor and then prime minister, the technical definition of recession (two consecutive quarters of falling output)

has proved less important than the practical realities.

Significantly, Footsie reached its peak of 2,463.7 for the year — indeed, its all-time peak — on the second day of trading in January. At that stage, and for most of the year, the bull-trot was of possible cuts in interest rates; at the same time, some analysts were optimistic that a continuing drift downwards for sterling would ease pressure on overseas earnings, which make up about 45 per cent of profits from Footsie companies.

But the seeds of continuing inflation were already being sown. A round of double-figure price-bargaining began with Ford, the motor company, and growth in retail sales indicated that the fast-moving economy was difficult to slow down.

Under those circumstances, a reduction in interest rates began to seem a faint hope. In fact, the pressure was already beginning to tell,

exposing in corporate UK strains of mismanagement, misjudgement, or plain misfortune which had been concealed during 1988 and 1989.

Their warnings began early in the year, in many cases heading a sad procession: share collapse, share suspension and inevitable receivership or administration.

Parkfield Group, the conglomerate, was struck down with spectacular suddenness: doubled interim profits announced in January; profit warning in June; share suspension and administration in July. Its liabilities of £275m equalled the market value of the whole company at the beginning of the year. Lowries Quarries, the carpet and furniture group, also called in the administrative receivers, bankers throwing in the towel in August, only seven months after its first-half low near the 2,100 mark in April.

In the event, ERM entry came not when the market was at its mid-year high of 2,400, but a few months after it had been knocked off that pedestal by the Iraqi invasion of Kuwait. By this time the tentative John Major had concluded the courage to do the deed, uncertain about the possibility of Gulf war was a more telling and lasting influence on the market than any emphasis about ERM entry on the one-point cut in interest rate cut which accompanied it.

However, the effect of companies which collapsed without much warning was more damaging, contributing to the destabilising air of nervousness and uncertainty which was the principal characteristic of the UK equity market in 1990. British & Commonwealth Holdings was one such unheralded catastrophe — dragged down by its stricken computer business — but even this was a corporate disaster outstripped within a few months by the decline of the Footsie com-

pany, Polly Peck International.

In early May, market-makers hit on an alternative alchemy to rescue the suffering survivors of recessionary pressure from their purgatory. If interest rate reductions would not work, ERM entry would surely do the trick. It was this hope, ably stoked by the Chancellor's hints and innuendo, that brought Footsie back from its first-half low near the 2,100 mark in April.

But relatively few predators have taken the plunge with hostile offers and of those that have, a couple — Severn Trent and Godfrey Davies for Sketchley, for example — eventually took fright when they found out what they were buying, and lapsed their offers.

Indeed, for evidence that the era of the mega-bid ended in 1990, you need look no further than the abandonment by Sir James Goldsmith's Hoyle consortium of its £13.5bn hostile offer for BAT Industries in April.

As for Back, Track & Hind-sighter's forecast of what level Footsie may reach by the end of 1990, Nick Nostradamus and his team will be publishing their predictions shortly. On January 1 1991, to be exact. In a market as volatile as this year's, one can never be too careful.

Granted, there have been havens for the cash which institutions are said to be hoarding. The privatisation of the electricity distribution companies has attracted record numbers of applications, rewarded with tiny parcels of shares, small strategic rights issued and launched for the right reasons — by companies in favour — still attracted investors' support; even Eurotunnel's more speculative £550m cash call proved to be successful.

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Andrew Hill

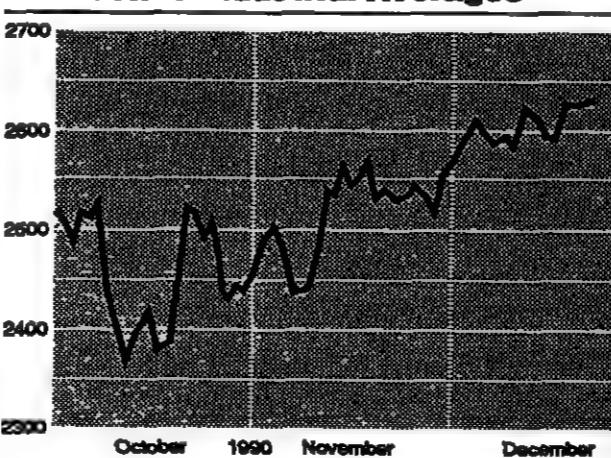
HIGHLIGHTS OF THE WEEK

Price y/day	Change on week	1990 High	1990 Low	
FT-SE 100 Index	2164.4	-4.0	2463.7	1990.2 Shevardnadze resignation
Allied-Lyons	475	-13	520	406 Fears of stock overhang in new year
Courtney, Pope	38	+17	170	15 Recovery hopes
European Leisure	27	-11	54	22 Chairman warns on trading
Hawker Siddeley	440	+22	741	375 Recovery & long-term prospects
ICI	886	-21	1263	805 Co indicates profits less than £1bn
Midland Bank	194	-18	404	176 HK Banking abandons merger plan
Mosaic Inv	250	+25	370	262 Interim results
NatWest Bank	269	-13	368	227 More profit downgrades
Pilkington	183	+10	255	130 Renewed bid speculation
Racial Telecom	276	+16	415	227 Henderson Crosthwaite "buy" note
Rosehaugh	80	-16	476	60 Receding hopes of rate cut
Transport Dev	219	+9	248	151 Increased Prudentia risks
Unisoc	209	-39	386	207 Broker lowers forecast
WPP Group	50	-29	715	42 Profits & dividend warning

WALL STREET

Funereal bells sound an alarm

Dow Jones Industrial Averages



symbolic importance — a high-profile demonstration that the Fed wants the cost of credit to ease throughout the economy — and practical consequences: it paved the way for the central bank to engineer another quarter-point reduction in the key Fed Funds rate to 7 per cent on Wednesday.

This in turn has started to bring down the commercial bank prime lending rates — the benchmark for many commercial and consumer loans — although the banks have been trying to maintain the 10 per cent level of the past year as long as possible.

The Fed's discount rate cut was in itself hardly surprising, being essentially a technical move to bring the rate in line with a general drop in short-term interest rates over the past month or so.

But the move had both a

Several other large New York rivals have already lowered their dividends, but only a few weeks ago John Reed, Citicorp's chairman, was still insisting that this was a highly inefficient means of preserving capital.

Precisely what changed his mind is uncertain, for Citicorp was sitting tight this week and refusing to elaborate on a statement which merely said the move reflected "marketplace realities".

A plausible explanation is that the low rate cut will help the bank with its efforts to place \$1bn of convertible preferred shares with international investors, who before the cut could have got a higher yield on the bank's common stock than the new issue.

The move followed a

regular, but much anticipated,

restructuring move which will conclusively bring to an end its loss-making attempts over the past four years to become an all-embracing investment bank.

All this is a major embarrassment for its conservative parent, the Prudential, the largest insurance company in North America, which had little trouble since it bought the firm in 1981 and is now having to pump an additional \$200m of capital into the business.

Both the Citicorp and Prudential entourages are just part of a painful contraction of the financial services industry which has a long way to go.

On Wall Street, the bells

that toll this Christmas will have a distinctly funeral air.

Martin Dickson

COMPANY PROFILE

Midland ends the year on a low note

THIS WAS supposed to have been a historic year for the Midland Bank. There was to be a merger with the Hongkong and Shanghai Bank to form one of the largest banking groups in the world.

Instead, the two banks were forced to call it off this week because of the heavy losses both have suffered from bad debts. This was not the time, Sir Kit McMahon, Midland's chairman said, to tie up management trying to put together a complex marriage.

There was a note of sadness in his voice. For Midland, the deal could finally have resolved the endless problems which have dogged it for nearly a decade. Midland has, proportionately, the largest Third World debt exposure of the Big Four clearing banks, and the highest costs. The Hongkong Bank would have provided it with much-needed capital

strength, and enabled it to hold its head high again as "a global bank".

Instead, Midland will now have to make its own way in what are, by any standards, exceedingly difficult times. Like all the clearers, Midland is a complex animal. It is the third largest of them, the bulk of its profits come from the familiar high street banking business with its yellow griffin emblem. This produced £420m of the group's £616m operating profit last year. Another good performer was the Thomas Cook travel group which has been part of Midland since 1972. That earned £23m, up from £14m the year before.

But virtually every other large division reported lower profits because of the worsening economic climate. Forward Trust, the finance house, was down from £50m to £45m. The worst performance came from

be laid off, where possible, segments of the business will be sold to shrink the balance sheet, and the long-running battle against costs will be stepped up.

Not surprisingly, Midland's shares have been poor performers, buoyed for a while only by hopes of a Hongkong merger. The stock market values Midland at about £1.6bn, less than half Lloyd's Bank, whose balance sheet is not even as big. In normal circumstances such a company would be ripe for takeover, but there are a couple of factors providing Midland with some protection.

One

FINANCE & THE FAMILY

Philip Coggan on reasons for New Year share buying

The January effect



SHOULD you be tucking equities into Christmas stockings? December has traditionally been one of the best times to buy shares, because of the so-called "January effect". According to Datastream, the FT All-Share rose during 21 of the 26 Januarys between 1965 and 1980, with an average rise of 5.1 per cent.

Of course there is an innate tendency for share prices to rise, if only to keep pace with inflation, but the average monthly rise for the whole of the period was just 1.6 per cent, indicating that investing in January produces investment returns which are three times better than any other month.

The return is rather distorted by the miraculous January effect of 1980, when the All-Share rose by 50 per cent as the market rallied after the oil price shock, miners' strike and general depression of 1979. But there were two other years - 1977 and 1989 - when the market rose by more than 10 per cent.

The rule did not apply in 1989, as the All-Share fell by 2.8 per cent in January this year. However, there has only been one instance when the market fell in two successive Januarys - 1978 and 1979.

Research by Paul Walton of James Capel shows that there is in fact a December-April effect, with equities rising by an average of 12.6 per cent during those five months in the 28 years from 1965 to 1990. In the seven months from May to November, the market has actually fallen by an average 1.1 per cent over the period. That statistic bears out an old investment adage - "sell in May and go away".

Again 1990 was a very poor illustration of this example. The All-Share fell in the December to April period and rose (although only slightly) in

the May to November period. Walton says that the December to April period has only been a less successful time to invest during the bear markets of 1969-70, 1973-74 and 1980.

What possible explanation can there be? No-one is certain. In Burton Malkiel's book *A Random Walk Down Wall Street*, he mentions one possible explanation for the January effect in the US - investors sell securities at the end of

December to establish losses for tax purposes and buy them again in January.

On the surface, the London market should not benefit for the same reason as the UK tax year ends in April. However, UK investors do have a strong tendency to follow Wall Street, so if the Dow Jones is rising, the All-Share is likely to follow. Walton certainly feels that US tracking could be a significant part of the explanation of

the "January effect". The possibility that tax is a significant factor is given greater credibility by the fact that the second-best month for UK equities is April. For the two best months for shares to be the start of the US and UK tax years respectively seems too important to be a coincidence.

There are snags in this argument. If investors are simply buying back shares they have bought at the end of the previous tax year, the market ought to show compensating falls in December and March, but the market has a tendency to rise in both months.

Also, many of the institutions - the investors which drive the market - are tax exempt so have no need to indulge in such strategies. Private investors, who do need to worry about capital gains tax, do not have the buying power

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Kevin Goldstein-Jackson translates company-speak

Bid sentiment rumours mix

WE CAN all hear what they are saying, but what do they really mean? The City has a jargon all of its own and here we offer a Christmas guide to the real message behind those weasel words.

Chairman

The reorganisation and restructuring are almost complete - God knows what excuse I'll be able to give next year if we're still reporting losses.

We are very pleased to welcome on our board a non-executive director - At last we've found someone who'll do as he's told/she's agreed that one of his companies will give my son a job.

Analysts

A good buy - Would we ever recommend a bad buy?

A long-term buy - We originally recommended these shares as a short-term buy, but we were wrong.

Hold - We think the shares are going to go down but we do not want to say sell as we are brokers to the company.

Bid rumours are in the price for nothing - There are not any bid rumours but I've just started one in the hope that the share price shoots up.

Despite their recent sharp rise - We did not predict their recent sharp rise.

The shares are overvalued - We did not recommend them but the share price has shot up.

Sentiment is mixed - No-one knows what is happening.

We are reducing our forecast of profits - Our earlier forecast was wrong.

The management team is excellent - The management has just given us a good lunch.

From Share Millions by Kevin Goldstein-Jackson, £1.99. Available by post for £2.35 from Elliott Right Way Books, Kingswood Buildings, Lower Kingswood, Tadworth, Surrey KT20 5TD.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	Frequency of payment	Tax (per £1000)	Amount invested £	Withdrawal (days)
CLEARING BANK*						
High interest cheque	4.00	4.10	3.30	4.67	under 5,000	0-7
High interest cheque	5.10	5.40	6.70	monthly	1 5,000-6,999	0
High interest cheque	5.30	5.60	6.90	monthly	1 10,000-24,999	0
High interest cheque	5.50	5.80	7.00	monthly	1 25,000-49,999	0
High interest cheque	9.10	9.50	7.60	monthly	1 50,000	0
BUILDING SOCIETY						
Paid up share	5.00	6.00	4.67	half-yearly	1 1-250,000	0
Instant Xtra	8.00	8.25	7.10	yearly	1 500-1,999	0
Instant Xtra	9.20	9.20	7.26	yearly	1 2,000-4,999	0
Instant Xtra	9.45	9.45	7.58	yearly	1 5,000-14,999	0
90-day	6.70	9.70	7.76	yearly	1 10,000+	0
90-day	9.45	9.57	7.73	half yearly	1 500-2,999	90
90-day	10.20	10.45	8.37	half yearly	1 10,000-24,999	90
90-day	10.70	10.39	8.79	half yearly	1 25,000-49,999	90
90-day	11.20	11.51	7.21	half yearly	1 50,000+	90
NATIONAL SAVINGS						
Investment account	12.75	9.55	7.65	yearly	2 5-25,000	1 min.
Income bonds	13.50	10.12	8.10	monthly	2 2,000-25,000	3 months
Capital bonds	13.00	9.75	7.35	not applies	2 100 min.	9
35th issue	9.50	9.50	8.50	not applies	3 25-1,000	9
Yearly plan	9.50	9.50	8.50	not applies	3 20-200/month.	14
General extension	5.01	5.01	not applies	3 -	8	
MONEY MARKET ACCOUNT						
Schroder Wag	10.24	10.77	8.62	monthly	1 2,500	0
Provincial Bank	10.24	10.73	8.69	monthly	1 1,000	0
UK GOVERNMENT STOCKS						
8pc Treasury 1991	11.64	9.68	8.98	half yearly	4 -	0
8pc Treasury 1992	11.65	9.69	8.35	half yearly	4 -	0
10.25pc Exchequer 1985	9.48	6.19	5.26	half yearly	4 -	0
3pc Treasury 1994	11.28	9.03	7.70	half yearly	4 -	0
3pc Treasury 1992	9.35	4.55	4.28	half yearly	4 -	0
Index-linked 2pc 1992/95	12.71	9.37	9.06	half yearly	4 -	0

Lloyds Bank/Hillfix 90-day: Immediate access for balances over £50,000. Special facility for extra £10,000. Source: Phillips and Drew. 85: Assumes 8.0 per cent inflation rate. 1: Paid after deduction of composite rate tax. 2: Paid gross. 3: Tax free. 4: Dividends paid after deduction of basic rate tax.

Heather Farmbrough examines Kleinwort Benson's investments

Steady as they go

Unit and Investment Trusts under management						
Size (£m)	Launched	Performance over 3 yrs	Sector			
Am Sm Cos	8.8	84	14.3	12.9		
European Spec.	125.8	73	25.0	26.0		
Euro Spec.	44.2	87	42.7	36.0		
Extra Inc	17.5	88	-	-		
Fin Inv Trs	8.2	78	8.2	18.0		
General	31.4	75	32.0	20.3		
Gilt Yld	22.2	81	13.8	3.4		
Global Inc	21.7	87	14.0	8.6		
High Yield	8.7	78	16.1	14.2		
Intl Recov	2.8	83	9.8	9.7		
Japan Spec	22.2	84	22.2	4.3		
Master	1.7	85	22.3	12.1		
North Amer	59.7	72	15.3	12.9		
Pacific	88.5	74	5.8	8.3		
Small Cos	44.2	76	-17.5	1.1		
Sm Cos Div	8.5	86	-	-		
UK Eq Grp	10.2	71	5.4	1.1		
Investment trusts						
Brunner Inv	57.0	1207	58.0	41.7		
Currier	107.8	1207	55.8	41.7		
Develop	18.4	1819	49.7	7.3		
Jos Hold	12.0	1910	22.0	18.1		
Merchants	178.0	1898	63.8	42.1		
Small Cos	13.7	1916	-34.9	-2.1		
Overseas	107.5	1912	38.3	32.0		

agreement has changed recently. He attributes the European fund's recent poor performance to the failure to get into the Norwegian market, which has been strong since the shipping industry picked up and oil prices rose. Here, he says, other groups may have done better as a result of more aggressive strategic allocation.

In comparison, according to Gregory, the European Special fund has fared better recently because smaller companies have not tended to be as well covered as their larger European brethren and KP spotted an overlooked opportunity. A more cynical view may be that the fund is only three years old and new funds usually perform better.

Among UK trusts, Gregory explains that the Equity Growth trust, which looks for growth potential in mainly medium-sized UK companies, had a bad patch towards the end of the 1980s but it is now picking up following the decision last year to give manager Richard Pierson overall responsibility for UK investment. Of the two UK income funds, High Yield has stayed in the second quartile over a long period while Smaller Companies Dividend has fared well.

Recently some smaller companies, which tend to be highly geared, have found it difficult to maintain dividend payments. However, the Smaller Company Dividend fund should be able to pay an increased dividend "in line with the core rate of inflation" with the market.

Vouchsafing

WE BROKE the habit of a few years - for Christmas we gave our secretary vouchers for Marks and Spencer rather than Next. It was not a surprise - we got her permission first.

In a year when UK companies such as Lowndes Queenway and Coloroll Group went to the wall, we thought why take the slightest risk of casting Sarah in the unpleasant role of unsecured creditor in another corporate collapse?

This is not to cast any doubt on Next's immediate prospects of survival, in spite of the fact its shares fell sharply during a recent bout of market jitters. Although Next's directors are under orders from their merchant bank not to discuss current trading, leading retail analysts believe the crunch - if it comes - may be delayed until a £50m loan repayment falls due in January 1992.

None the less, in the current climate, consumers should take care to limit their potential exposure to any retailer, and especially those in an uncertain financial position.

Compared with customers of a furniture retailer, most shoppers at Next have a big advantage. They get their goods the

FINANCE & THE FAMILY

Eric Short reports on a surprising move by the life company

Christmas bonus from CU

INVESTORS holding certain 25-year-with-profit savings contracts which mature next year received a pleasant surprise this week when Commercial Union lifted the payout by around 2.5 per cent.

Analysts had warned them to expect a cut of up to 10 per cent in payouts compared with similar contracts maturing this year.

CU is the first life company to announce its bonuses this year and it took the traditional life market by surprise when it announced that all its rates would remain unchanged.

Investors holding with-profit contracts receive their investment return in the form of bonuses additions to the benefits - a reversionary bonus declared and added every year and a terminal bonus added when the contract matures.

Analysts expected the companies to maintain their reversionary bonuses reflecting the underlying strength of their life funds. But they had warned that this year's adverse investment conditions would force life companies to slash terminal bonus rates by up to 40 per cent, leaving investors with maturing contracts up to 10 per cent worse off.

YOU HAVE decided that you want to buy investment trust shares in order to obtain a wide spread of equities. The next step is to see how you can make your investment more tax efficient.

As a result of CU leaving its rates unchanged, an investor who took out a 25-year endowment when he was aged 29, paying £30 a month, will receive a payout of £61,721 if it matures in 1991, compared with £60,156 for a similar contract maturing this year.

These maturity values provide a return to the investor of 14.4 per cent net over 10 years and 13.1 per cent over 25 years.

CU is almost certain to have put a cat among the pigeons as far as other life companies are concerned

Independent advisers still rely heavily on the position of a life company in the performance tables when making their recommendations. Thus many traditional life companies will be under some commercial pressure to follow CU's example and draw on their underlying financial strength in order to maintain their bonus rates.

Peter Ward, general manager of CU's UK division, emphasises that unless the

ket. Hopefully, CU will soon update its With Profits Guide, a fund of financial report to investors and intermediaries, to provide the latest figures on its

Advisers are bound to become wary in 1991. If conditions dictate that bonus rates should be cut, the company that defers making these adjustments for too long, in the hope of stealing a marketing advantage on its competitors, is likely to have to take really drastic action when it is finally forced to accept reality.

The Government Actuary's Department, which monitors life companies in its role as adviser to the Department of Trade and Industry, is likely to make an even closer scrutiny of life company finances next year, particularly focusing on the companies which do not reduce bonus rates.

The present Government Actuary, Chris Daykin, has now instituted a series of regular visits by his staff to life companies to gain potential trouble in the bud.

Meanwhile, investors with other life companies will have to wait until next month to find out what is happening to their own contracts.

equity market deteriorates further in 1991, the present terminal bonus rate can be held during the year.

Nevertheless, no life company, however strong, can buck the market trend forever.

An adviser considering recommending CU to his clients for with-profits contracts should satisfy himself as to the long-term financial strength of the life operations of the group and its ability to maintain current bonus rates in a dull mar-

ket. Hopefully, CU will soon update its With Profits Guide, a fund of financial report to investors and intermediaries, to provide the latest figures on its

NEXT YEAR, loans will become like cigarettes. They will have to carry 'health warnings', reminding borrowers about the risks of credit.

A typical one will read: "Do not sign this agreement unless you are sure that you can afford the payments."

It is all part of the government's continuing crackdown on the irresponsible marketing of credit. Edward Leigh, the consumer affairs minister, is proposing a set of rules which should make it much harder for lenders to engage in dubious practices.

Apart from the warning, he is proposing that:

■ advertisements for loans will have to warn consumers about the affordability of credit and the risks in loans which carry variable interest rates;

■ lenders will have to take reasonable precautions against sending credit offers to minors or to people who have said they do not want to receive circulars;

■ customers will not be given unsolicited increases in their credit limits above the rate of inflation;

■ lenders will not be allowed to use inertia selling techniques to sell payment protec-

tions, insurance and other credit related services;

■ and the scope for a "cooling off period" for borrowers will be widened.

As Leigh pointed out, advertisements for loans tend to dwell on the good things they bring: a holiday, a new car or a hi-fi. What they do not emphasise is the cost of borrowing and the risks, particularly in variable rate loans or loans linked to foreign currencies.

where repayments can rise steeply if the market moves the wrong way.

"For the market to work fairly, the consumer needs to be fully informed. My proposals today will enable them to make sensible choices," he said. He also emphasised that the rules would benefit lenders because they would ensure that borrowers could meet their commitments.

The new rules, which are out for comment until next March, will be incorporated into the 1974 Consumer Credit Act and will carry tough penalties, including imprisonment, for offenders. They will cover all consumer loans up to £15,000 including mortgages. They will also apply not just to banks and building societies, but finance houses and retailers who offer credit.

Leigh published the proposals only a fortnight after the banks had issued their proposed code of conduct which lays down standards of practice for lenders. He said that while he welcomed the code, it was not a complete answer because it only covered banks and building societies.

David Lascelles

Loans to carry 'health' warnings

Crackdown on 'easy credit'



tion insurance and other credit related services;

■ and the scope for a "cooling off period" for borrowers will be widened.

As Leigh pointed out, advertisements for loans tend to

Rules review

A WHOLE range of interpretations can be made of this week's announcement from the Securities and Investments Board that Arthur Selman, currently director of the Intermediaries Division, is being seconded to the Halifax Building Society for a two-year period from March 18 1991.

There is no doubt that his removal from the SIB galaxy of officials will make it much easier for the watching body to make a U-turn on the disclosure of commissions and charges, which was ordered by the Trade and Industry Secretary, Peter Lilley.

Selman was primarily responsible for the present SIB rules on disclosure. These mostly reflected the views of life companies, both on the general reporting of expenses on life and pension contracts, and on the disclosure of commission to the client.

Life companies were always against disclosure, but when some form of reporting to clients became inevitable, they were able to convince SIB that disclosure of both expenses and commission products into building society investments.

Eric Short

DIRECTORS' TRANSACTIONS

New team at the top

HUNTERPRINT ran into problems in 1989 following the consolidation of several outlets into a new state of the art print works in Corby. With the exception of Michael Hunter, the founder, the entire board has been replaced by a team headed by Sir Ian MacGregor. The company has been re-financed with the new members of the board making an unusually large initial investment in the company.

Cray, which since April has been under the management of the former team from United Engineering Industries, recently reported interim profits of £788,000 following substantial losses at the same stage last year. A positive statement from the board was accompanied by all the directors adding to their existing holdings.

MacDonald Martin is frequently seen under the list of

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company Shares Value No. of directors

SALES

ACAL 420,000 811 1

Alan Paul 461,538 600 2

Argyll 55,534 212 1

Bowthorpe Holdings 1,000,000 1,908 1

Clydite 27,500 35 1

Cuff 21,000 15 1

Courtaulds 40,000 155 1

Farnet Electronics 21,298 34 1

Gaynor Group 250,000 10 1

Gevest 200,000 530 1

Glaxo 20,000 28 1

Leigh Interests 81,625 270 4

Love Group 10,000 3,007 5

Marks & Spencer 58,000 134 2

MEPC 43,300 226 1

MTL 50,000 53 1

Polyphile 900,000 1,224 1

Premier Con'dated 30,000 21 1

Quotient 50,000 27 1

RMC Group 2,200 14 1

Scottish TV 30,000 157 1

Shell Tport & Tredg 8,000 36 1

Steel Burrill Jones 20,000 54 1

Stylo 130,251 365 4

Unilever 6,988 58 2

Vivat Holdings 100,000 45 1

(Figures in parentheses are for the corresponding period.)

*Dividends are shown net per share, except where otherwise indicated. L = loss. Net asset value.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company	Value of bid per share*	Market price*	Value bid*	Bidder
Prices in pence unless otherwise indicated				
Alcos Distillation	11	12	3,55	Carpe Control
BTC Corp	13½	12	2,21	Waverley Cameron
Birmingham Metal	95	93	8,92	IMI
Capital Leasing	104*	101	11,247	Robinsons Ind.
Carroll (P-L)	1180*	1154	12,724	Gleeson
Cohoy	180*	178	155	Burman Capital
Fesco	300*	281	250	TBE Thompson
McLaughlin & Harvey	135*	137	7,47	Repaco
PML Group Ord.	10*	10	2,20	Repro
Putman Corp '95 Lin	100*	90	9,07	IMI
Priest (Env) Servs	141.25*	130	50,17	Shanks & McLean
RTC	550	574	155,56	MM Telecom
Eric-Viscon	227*	321½	29	Cambridge Group

*All cash offer. **Cash alternative. If capital not already held, unconditional.

**Based on 2,300p price 21/12/90. At suspension, 381 shares and cash. *Value of 61.3% not already owned.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (000s)	Earnings per share (p)	Dividends per share (p)
Academy & Hatch	Sept	4,230	(4,500)	5.4 (6.6) (7.0)
Anglia Secure	Sept	8,980	(4,450)	9.6 (12.9) (12.0)
Appleton Ridge	Sept	1,000	1,000	0.0 (0.0) (0.0)
Baking	Sept	2,100	1,700	17.3 (24.5) 3.0 (2.8)
Brentwood Invest	Nov	3,350	(2,700)	(1) (4.3) (2.2)
City Site Estate	Sept	880	(8,550)	1.92 (1.6) (0.85)
Dwyer	Sept	864	(3,240)	(1) 4.0 (4.0)
EGF	Sept	84 L	(2,010)	1.26 (10.2) (2.25)
Electric Invest.*	Sept	477,570	(567,770)	291 (346) 3.1 (2.8)
Flexco	Sept	497	(948)	3.34 (5.4)
Gestetner	Oct	62,100	(26,200)	28.7 (23.1) 9.1 (7.0)
Hilcare	March 322	264	8,01	6.67 (1.0) (1.0)
Kinross Gold	Nov	4,070	(1,200)	4.8 (4.25) (4.25)
Land Holdings	Sept	1,000	(1,200)	1.0 (0.8) (0.8)
McCarthy & Szwarc	Aug	10,800	7,100	1.0 (0.8) (0.8)
Midland Radio	Sept	1,650	(2,110)	7.95 (8.89) 4.5 (4.5)
NFC	Sept	97,700	(90,482)	13.8 (12.2) 5.65 (4.05)
PE Group	Oct	421 L	(381)	(1) (1) (1)
Starling Ind.	March 1,980	1,330	4.52	

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PROPERTY

SALISBURY Cathedral wears its scaffolding like an elaborate steel bandage. A group of houses forms a loose and extensive semi-circle around it within the old medieval walls that originally separated church business from the secular life of the city beyond. Today, these properties have become some of the most sought after homes in the area.

Tradition has it that back in the 13th century the site for the new cathedral of Salisbury was determined by the fall of an arrow which was shot (with some show of strength) by an archer from the ramparts of Old Sarum a couple of miles away.

The clergy had wanted a more convenient position for the seat of the bishop; the settlement at Old Sarum had no direct water supply and the new site on the banks of the River Avon provided an altogether more workable setting for what was to be a thriving cathedral city.

Building work started in about 1220 and the cathedral itself was completed within 50 years (except for two later additions, the tower and spire). It is a rare and perfect example of Early English cathedral architecture.

Homes for the serving clergy were constructed alongside the cathedral and, in 1331, King Edward III granted the Bishop and the Dean and Chapter of Salisbury permission to use the stone from the Norman Cathedral at Old Sarum for the construction of the walls of the Close of the new cathedral. It is an ecclesiastical precinct extending over 83 acres. It largely remains so some seven centuries later.

Salisbury Cathedral Close is perhaps the finest cathedral setting in England, an extensive area set apart and protected from the outside world by medieval walls on three sides and on the fourth side by the River Avon - which has occasionally proved something of a nuisance with problems of damp and of flooding.

The cathedral itself has been proudly and finely preserved while the surrounding homes for the clergy have been subject to reconstruction, alterations and additions leaving a rich pattern of domestic architectural styles, Tudor, Jacobean, Georgian and even the odd 20th century addition, within the original walls.

The ecclesiastical quiet is punctuated by the sound of distant carol, by the piping voices of school children and, in the summer, by the click and



Visitors enjoying a walk through the grounds of Salisbury Cathedral

in the Wimpey scheme with 115 years remaining for £145,000 (through Myddleton & Major in Salisbury). While it is great deal more than you might pay for other properties in Salisbury there are considerable attractions: Sarum St Michael has extensive private grounds, fishing rights on the River Avon and private parking for residents.

"By and large most properties in the Close are sold for twice as much as others in Salisbury," says Michael Powis, senior partner of the local estate agents Middleton Murray (0722-337-375).

"While prices have recently come down this just reflects the turn of the market; most buyers are generally caught with the problem of having to sell other properties elsewhere."

Buying into an older part of the Close is inevitably more costly. The three bedroom Gate House of the North Canony (mainly of Tudor origin) is on offer for £225,000 or £275,000 with the addition of the master bedroom suite that forms part of the rest of the North Canony.

Myddleton & Major and Savills have been marketing the house, or house plus master bedroom, on a 54-year lease, for quite some time. "Older properties in the Close have a very specialised nature," says Christopher Lacey, residential director at Sevills' Salisbury office.

"Good houses are normally keenly sought after although not many come up within a year and not many are totally available to escape the vicissitudes of the current market."

And the main benefits for the high premium of living in the Close? "Security," says Lacey, "a lovely environment, a wonderful architectural and perhaps above all there's a feeling of space, there's room to stand back and look at the cathedral."

Constable's view of Salisbury Cathedral reaching up over the surrounding water meadows is possibly the most famous of these views. But it has often been a source of great frustration to visiting tourists. Struggling as they might to find the exact spot from which he drew the sketches for one of his most valued paintings, it invariably ends them in fact today it lies within the grounds of the Cathedral School in Salisbury Cathedral Close. The precise position is thought to be in one corner of the swimming pool.

Cultural contrasts

John Brennan on house prices in London's Spitalfields

SPITALFIELDS, hotbed of nonconformity and therefore, "the most fascinating hamlet of all the Tower Division" in 1884, has remained an area of contradictions. A sprawl of tenements stretching east from the City, Spitalfields housed early Baptists and, after the Edict of Nantes in 1685, the exiled French Huguenots. They gave the area its first flush of wealth by making it the centre for their silk-weaving and textile-dyeing skills.

What is asked may not, of course, be what can be achieved. "A number of the houses are either on the market, or available if someone were to show an interest," says Hewlett. He explains that, over the years, restored Spitalfields house prices have tended to run in parallel with those of the few, generally smaller, Georgian town houses that remain in Covent Garden.

"The kind of people who look for these properties are a real mix, there are City people who want to be close to work, and there are the more artistic people, there are opera singers and artists, antique dealers and interior designers . . ."

It is the City pied-a-terre seekers who form the most likely target market for the only set of flats that the conservationists have allowed to be cut into one of the Fournier Street properties.

Numbers 17 and 19 Fournier Street were converted into flats in 1988, now Hamptons have two of the flats, a two-bedroom one and one of its smaller neighbours, on offer for £165,000 and £135,000 respectively. Both include a share in the freehold of the combined houses.

As for complete houses one of the more unusual properties to become available is Worrall House, which stands hidden behind Fournier Street in Princelet Street. Once owned by Samuel Worrall, a master carpenter who worked on Hawksmoor's churches, the double-fronted, three-bedroom, three-reception room house has been attracting a steady stream of the curious and the possibly interested at £295,000.

All this and Constable too

Harriet O'Brien visits a sought-after development in Salisbury

whirl from the cameras of streams of tourists. Despite the fact that Salisbury Cathedral Close has four schools within its precincts and a constant influx of visitors coming to admire the medieval past, it provides a comfortable, secluded environment particularly in demand among the older, retired generation.

It has echoes of artistic and literary endeavour; associations with Constable, with Thomas Hardy (for whom Salisbury became Melchester) and with Trollope's Barchester come readily to mind. The Trollope undertones become particularly strong over church business matters.

On the east side of the cathedral is a modest attractive building of mottled brick. It houses perhaps the most significant aspect of life in the Close. Today, No. 8, the Close, is the Chapter office from which the

land and the property of the cathedral are controlled. For the layman, church business appears confusing.

The Church Commissioners directly own about 37 properties in the Close. These relate to the work of the Bishop and include the Bishop's Palace. But the Dean and Chapter, who are ultimately answerable to the Church Commissioners, separately own and administer the vast majority of the buildings that lie within the old medieval walls. Just a few houses have, over the course of time, become freehold and are owner occupied.

The job of controlling the bulk of Close property falls to the Dean's deputy Chapter clerk, Andrew Dawson.

He says: "Many of the properties are occupied by the staff of the Dean and Chapter, vergers, canons and the Dean and Chapter's own constabulary.

There are five constables who are broadly responsible for discipline within the Close although most of their work centres around directing traffic, particularly at the height of the tourist season."

The constables also supervise the gates of the Close. These are locked between 11pm and 2am, adding to the sense of security. Residents have their own keys and come and go as they choose. In addition to the constables other regular members of the police force are often in evidence since Edward Heath, the former Prime Minister, is among the more illustrious residents of the Close.

The buildings not used for church purposes are leased on the open market," Dawson continues. "Turnover is fairly slow and in many cases property only becomes available when a resident dies or when the lease expires, in which case a new

lease might be negotiated if the property is not needed for church matters."

The exception, however, is Sarum St Michael, a former teachers' training college renovated by Wimpey and developed into a group of private flats in 1986. Leases were negotiated for 125 years, about twice as long as those of the other Dean and Chapter properties. The turnover here is usually comparatively quick. In the past about seven or eight flats have come on the market every year, although the recent downturn in the general property market has had its effect.

Medieval walls have not been enough to insulate Salisbury Cathedral Close from market forces and the property business has become fairly static. You can, however, currently buy the leasehold for a two-bedroom ground floor flat

in the Wimpey scheme with 115 years remaining for £145,000 (through Myddleton & Major in Salisbury).

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Practical style for the home

Lucia van der Post on this year's bumper crop of d-i-y books

NAPOLÉON got it wrong. Trust a Frenchman. The British, in their heart of hearts, are no nation of shopkeepers. Grubby urban commerce may please the bank manager but it offers little comfort to the soul.

What they long for above all is to escape the commercial rat-race into a never-never rural idyll. Just look at their houses. Whether a penthouse in Docklands, a small flat in Camden, a suburban villa or a grand country house, the world they aspire to is much the same - beeswax polish, fresh flowers, faded chintz, hand-me-down furniture, old portraits.

For those who were to the manor born, the look is easily acquired, imbibed with the faded Persian rug, the family portraits, the second-hand furniture. The rest of us have to learn how and, just as with any other branch of learning, there is a whole set of do-it-yourself manuals which help us do just that. This year a bumper crop has hit the shelves so we can all give them to each other for Christmas. Not that it is any longer a simple matter. There is, you understand, country-house style and country-house style. The sub-styles are subtle and proliferating.

For instance, *Simple Country Style* by Mary Trewhby (published by Conran Octopus, £16.99) belongs to the grand, purist school. The Shaker-style, so to speak, rather than the Colefax & Fowler school of country living. You can almost feel the chilly country draughts blowing through the pages. Here you will find simple wrought-iron candelabra rather than ornate chandeliers, sturdy oak tables lit by candlelight, gingham, open-tailor walls and rows of copper pans.

Similar in mood is *Country Style* by Judith and Martin Miller of Antiques Fine (Mitchell Beazley, £25). The difference here is that the authors have presented us with images of country style as far apart as English country cottages and a converted Provencal silk mill, a large Spanish farmhouse and a Southern plantation house, an Indian stone villa and a Scandinavian millhouse.

For those who love authentic, simple country-style this book is more than just a source of visual inspiration, it is also a source of useful addresses, the directory at the back listing suppliers of furniture, flooring, fabrics and all the essential ingredients for the "look".

For the Christmas season there are two practical and inspiring books on the decorative delights that provide the proper setting for the celebrations.

Penny Black's *The Scentsied House* (Dorling Kindersley, £12.99) is not only beautiful to look at but it could be said to be the Jane Grigson of the world of sweet-smelling things. Here are detailed instructions on how to make your own pot-pourri, on how to make citrus pomanders, scented stationery, lavender sachets, floral waters and colognes, as well as a host of wonderful things to do with dried flowers. Those with gardens and time on their hands should love it.

Country Living: Country Christmas (Shire Press, £12.99) is the handbook for the old-fashioned, nostalgic Christmas. If you have children or grandchildren for



A certain country look from *Simple Country Style* by Mary Trewhby

whom you wish to recreate the kind Christmas most of us have never had but sometimes dream about, this is the book to help. From December 1 to Twelfth Night the time-honoured traditions are there to be obeyed. There are decorations to be put up, presents to be made, cakes to be iced, mincemeat to be chopped. Start at the beginning and carry on to the end. You will need a serious holiday when you've finished (just setting about the mantelpiece trimming could bring on an attack of the vapours) but it's worth it for the children isn't it? It's a little late, of course, to do the lot this year but Christmas has this curious habit of cropping up again . . . and again.

In *The Romantic Style* by Linda Chase & Linda Cerwinski (Thames & Hudson, £24) is by no means exclusively rural but nor is there a hint of the sharp, the crisp or the metropolitan about it. Romantic style, after all, is defined by a lavish sense of abundance. Colours are soft, fabrics abundant, gilt and ormolu prevalent.

The book is filled with a sense of faded *fin-de-siècle* grandeur of indeterminate origin. But it is beautiful all right and just the thing for all those with ideas above their station. Vases are filled with roses just a shade past perfect freshness, curtains drape slightly drunkenly from gilded rosettes, chests have curves and gilded handles and are more properly referred to as bombé, busts are grand and classical and cherubs are everywhere. For those who love London (Thames & Hudson, £25) with a text by Lesley Astaire and photographs by the inimitable Michael Boys is hard to beat. Here is a look into a London few of us know exists, into homes we have merely glimpsed.

The homes seem mostly grand and beautiful (why else would they be photographed), the sort of houses that are way, way beyond normal aspirations.

But I have a cautionary tale to tell. While browsing through the books two of the houses began to take on a familiar *mise en scène*. I discovered they are houses I know and love. They belong to friends and, although I have always greatly admired their individuality and the skill and flair with which they have been done, it had never occurred to me that they were in some way beyond the ordinary reach. In other words, you, too, can do it. Not in exactly the same way, of course, but in your own way. Creating a home that gives pleasure and interest to the eye as well as comfort to the body requires some money . . . yes. A fortune . . . yes.

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BARBADOS

HOW TO SPEND IT

A last-gasp seasonal wrap-up

Still shopping for presents? Lucia van der Post has some timely advice for the terminally tardy.



ABOVE: dear old Marks and Spencer, as ever, provides a host of desirable presents this Christmas, from sides of smoked salmon to the best-value tracksuits in town.

"chiffon" skirt to wear over a black body or catsuit, £35. (More boringly it could also be worn with the matching camisole that comes with it. You'll find that the classic

You'll find that the classic men's cardigans in bottle green, navy or burgundy also make smashing presents for women, \$23.95.

lists, here are a few last-minute ideas.

underwear, much of it in pure silk. Photographed here is an embroidered pure silk cream camisole, \$25, and you can make a pretty set with the embroidered cream silk

embroidered cream silk French knickers, £19.99, from most large branches of Marks and Spencer.

number at the Marble Arch, London W1, Manchester and
Glasgow.

ABOVE AND RIGHT: Is there anybody who doesn't love really good stationery? The Stationery Department, 181

Stationery Department, 181
New Kings Road, London SW6
4SW, is a good shop for all
those who love clean new
diaries, fine lacquered antique
pens, beguiling address books,
old glass paperweights and
fine paper of every sort. One
of the few shops to sell the

fibre paper by Crane, it also has a charming mixture of things old and new.

Sketched here above are just two of the many things that may solve a present problem this Christmas. Now I know that standard personal organisers are old hat but this one is small enough (4 1/2 in. by 5 1/2 in.) to fit in a pocket.

is covered in good brown leather and besides being a diary and address-book it holds a pocket calculator and stores credit cards, notes and has a zipped purse as well, £49.95. Sketched right is an antique pen rest (£17.50) and on it rests a blue lacquer

One thing I'd really like for Christmas is some proper Vacherin Mont d'Or but the wretched French authorities will not grant an export license because it is not pasteurised. Similar in style is Tamié (£5.99 each) from Jeroboams. Jeroboams' Reblochon is £8.95 (each) and the Comté £5.25 lb. The shop has a lovely fresh goat Cabi at £3.10 each and a fresh English ewes' milk cheese called Wackley at £4.90 lb; both are excellent. I'd also like some Vert de Brebis, a Dutch Gouda stale cheese made from ewes milk. Jeroboams sells Poilane bread at £1.40 lb if your teeth

In general you should get English cheeses from the Neals' Yard Dairy (9 Neals Yard WC2 071-379-7648). Small truckles look good at Christmas: Keen's 15 month Cheddar is £12.50 for 4 lbs, a tangy Wellington is £8.70 for 2 lbs, a similar sized Appleby Cheshire is £12.80. From Kilkenny comes Lavistown, a cheese made from an old Dales' recipe (25.40 lb) also from Ireland are small creamy Milleens (£4.30 each) and strong blue Cashel (£4.60 lb) and from Wales Duckett's

Once I've eaten that lot there will not be much room for dessert, although Luigi has some Aloisio figs covered in chocolate and stuffed with almonds (£10.95 a box). Partridge (133 Sloane Street SW1 071-730 0651) stocks lovely Portuguese Elvas plums and figs (£9.75 a box), as well as Carlsbad plums (which are now made in West Germany and not Bohemia). A small box of Belgian Léonidas chocolates costs £8 from Selfridges.

With all that Christmas could become an occasion to treasure, but I'm sure I've forgotten something. Oh yes! Who was it who stocked smoked reindeer meat?

Tsun-David Tse



Audemars Piguet

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Yours ever,

Last-minute wine buys in the high street

Left your shopping until this weekend? Jancis Robinson finds out what's on offer from local chainstores and supermarkets

ALTHOUGH these chains need your custom more and more, the most interesting bottles are often available only at bigger branches.

ODDBINS

No apologies for the number of wines recommended from Britain's best chain of wine shops. They are number one, and yet (or is it because?) they also try harder?

WHITES

Pinot Blanc 1989, Turckheim Co-op, £3.79. Please-all, fruity-but-dry versatile smoky white that seems subject to some batch variation.

Terre di Ginestra, £4.49 (also at Blayney's and Morrisons). Delicate Sicilian white already recommended on these pages.

Nutbourne Manor, Bacchus or Schonburger 1989, £4.99. Clever Oddbins to jump on to this particular bandwagon carrying fully ripe domestic fruit from a producer who knows how to make price-sharpening wine and how to design labels. The Schonburger is slightly fruity.

California Reserve Chardonnay 1989, £5.99. This wine was not disgraced in a blind tasting of Chardonnays selling at almost twice the price. Slightly charred, mineral notes on a much more convincingly con-

centrated Chardonnay palate than most South American Chardonnays.

Chablis £5.99 and up. Exceptional range at fair prices.

Geisenheimer Kläuserweg Riesling Kabinett 1989, £4.99.

Made by prize-winning students at the famous Geisenheim wine research institute in the heart of the classy Rheingau region and a fitting tribute to one of German wine's best-loved characters, Geisenheim's Professor Helmut Becker who died this year. Full to bursting with ripe fruit, extra pure with lots of extract. A million miles from sugar water and would be great with spicy food.

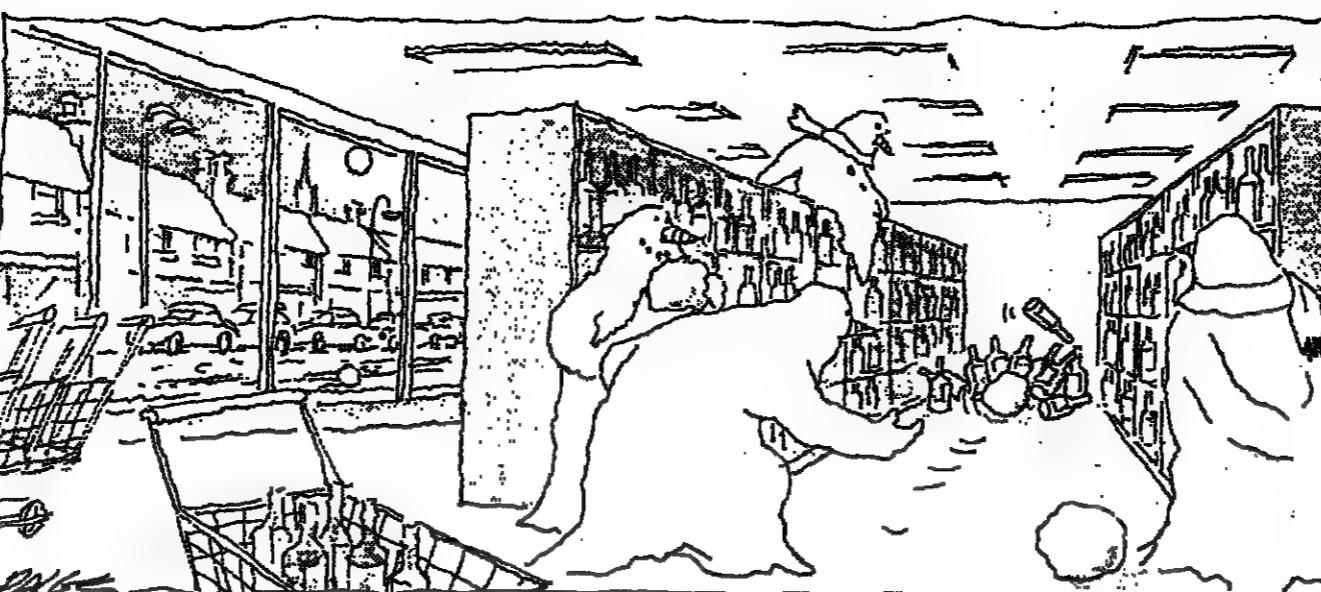
Any Lingenfelder wine, even the red Dornfelder. They are all well made and made to be drunk with food.

Vouvray Moelleux, Grande Année 1988, Fouquet £6.99. Not as divine as the Malagny, now sold out, but still a great price for top quality sweet white wine.

St Romain 1988, Jaffelin £7.49. A gem of a white burgundy from a producer which enjoyed great success with its 1989. New World cleanliness with Old World interest and potential. No hurry to drink this one.

REDS

Any Penfolds red, up to the



great Grange which is certainly worth its price tag of well over £20 a bottle. All are dense, warm and spicy and they tend to have more interest than the host of other, often too minty, Australian reds.

Côtes-du-Rhône 1988, Guigal 24.69. Rustic, concentrated and herby. Can be drunk now but it should continue to improve

for three years. An unusual Côtes-du-Rhône in that it is made in the Syrah-dominated north Rhône rather than the fleshier south. Another coup for Oddbins.

Dolcetto d'Alba 1988, Giacomo Conterno £6.99. A red wine for everyone. No harsh tannins, just appetising acidity and lots of juicy fruit. Would

be great with fatty dishes - goose, duck?

Qupe Syrah 1988, £3.99. Demonstrates that the Californians have not only worked out the recipe for red burgundy, but the one for red Rhône too.

Château de Fleunzel 1988, £11.99. Wildly underpriced classed growth Graves from a

vintage built to last. Buy to keep or drink.

SAINSBURY'S

The man who coaxed the British masses to drink wine now moves on in the Sainsbury hierarchy, from wine to (whole, unfermented) fruit, but leaves plenty of bottles in the wine department to choose from.

SAINT-ÉMILION 1986, Brokeback Chardonnay £9.99, Rothbury Estate, Hunter Valley £5.95. No shy retiring flower, it needs a number of meals before blinding you with ripe, juicy golden Chardonnay flavour. Lovely easy stuff but doesn't Rothbury's Len Evans tire of drinking geology rather than viticulture?

Côteaux du Layon, Château de Brézé 1988, £3.95. Like so many 1989 sweet Loire whites, this one is unusually clean, ripe and ready to gulp - ideally after a meal instead of a pudding.

Chablis Premier Cru 1988, Davoust £9.95. Very exciting Chablis from a great vintage and great producer. Distinctly ripe fruit than usual but a backbone of bracing acidity and real nerve. Not the sort of wine you expect to find in a supermarket, and indeed it is available only in Sainsbury's more upmarket branches.

Champagne Gonet Grand Cuvée Blanc de Blancs, £13.98.

Champagne Soumare Premier Cuvée Blanc de Blancs £13.95.

Both these wines are very respectable for the price showing some finesse and delicacy

which is what you want if you are serving it as an aperitif.

Rémy Abadie 1987, £4.45.

Bordeaux grapes grown on one of Spain's most interesting properties. This warm, ready red has obviously been matured in oak barrels.

American in this case but leaving a much subtler flavour than the usual sickly whack of vanilla. More sophisticated than Rémy Tempranillo available elsewhere.

Château La Vieille-Cure 1988, £5.95. French Country Pomerol. Plump, attractive, by no means stand-offish and would go very well with turkey.

Château Maucaillou 1986, £9.95. Silky, deftly oaked claret from a classic vintage.

THRESHIER/ WINE RACK

The most dynamic by far of the brewery-owned off-licence chains.

WHITES

Pinot Blanc 1989, Turckheim Co-op £2.79 or, cheaper, £4.75 a litre (see Oddbins). Pound-off vouchers available.

Vernaccia San Quirico 1988, £4.99 (see Sainsbury's).

Château Bonnet 1989, Lurton £5.75 (Thresher only). Oak aged dry white bordeaux that shows how it should be done instead of leaving the palate stunned by oak and oil. Lovely creamy stuff with better fruit than many a white bordeaux at twice the price.

Alfonso Dry Old Oloroso, Gonzalez Byass, £5.99. Great price for proper, characterful dry, nutty sherry.

Gewürztraminer Herrenweg 1988, Zind Humbert, £7.99. All the spice and concentration without the oiliness and vulgarity of so many Gewürz.

From one of the most exciting producers in Alsace.

REDS

Silver Country Red, Merlot/ Pinot Noir, £2.49. Light, slightly jammy, but perfectly acceptable substitute for Beaujolais.

Merlot, Domaine des Caunes Hautes 1988, £3.25.

Much more bite and guts than most southern French reds.

Corbières 1988, Château de Lastours 24.49. Superior, dense, burly mountain red from Corbières' most lauded property.

Côtes-du-Rhône 1986, £4.79.

More ready than Oddbins' 1988 but without as much stuffing and potential.

Beaune Bouchard 1986, Louis Jadot £12.69. Silky light, soft, fruity red burgundy that could already be enjoyed with white meat - turkey!

WAITROSE

Particularly thoughtful choice of half-bottles, including a lightish Chablis 1989 at £3.99

and pretty St Amour 1989 at £3.73.

WHITES

Vernaccia di Sardegna 1989 (25.25 a magnum). Light, crackling applehouse white.

Jacquie 1989, Vin de Savoie £3.95. Pierre Baudouin's smoky alpine fruit. Refreshing and, like good Swiss whites, decep-

WHITES

Sainsbury's Kabinett, £2.99.

Sainsbury's has tried very hard to find real quality in the quaffing end of the German wine market. Here is a little off dry number in a snazzy turquoise bottle that is at least clean and fruity if not stunningly distinctive. A glass could be offered to any visitor at any time.

Muscat de St Jean de Minerol, £2.55 a half. An extra luscious dessert wine from France's smallest Muscat appellation - very similar to Beaumes-de-Venise and made from the same super-vine type. Chill well.

REDS

Don Hugo Tinto, £2.69. Perfect for those who hanker after the sweet, oaky flavours of Rioja but are daunted if they'll pay £2 a bottle for them.

MAJESTIC

There's bin trouble at t'wine warehouse chain recently but the good thing is that they are desperate for our custom, with special, if not always bargain, fine wine purchases (mature Leroy burgundies at under £10) and 15 per cent off all but their cheapest champagnes if bought by the dozen (Poli Roger reduced to £14.45, for example).

WHITES

Scharzhofberger Riesling

25.45. Interesting limey fruit and exciting off-dry acidity. A wine for the table, with light savoury dishes.

Bourgogne Blanc 1988, Buxy

£4.95. Useful country white burgundy with a touch of oak that managed to suggest Burgundian woodsmoke to me.

Good value.

REDS

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WHITES

Veronica San Quirico 1988, San Quirico, £4.95. New vintage of an old, characterful, lemony favourite.

Macon-Loché 1988, Cave de Vinsolles, £5.75. Broad, smoky aromas on a most respectable southern white burgundy to which no dinner guest could possibly object.

Brokeback Chardonnay

1989, Rothbury Estate, Hunter Valley £5.95. No shy retiring flower, it needs a number of meals before blinding you with ripe, juicy golden Chardonnay flavour.

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REDS

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WHITES

Don Davies Blanca, £3.20.

At a price that suggests oak essence rather than barrel, this Spanish table wine is the white stalwart of Waitrose's

Don Hugo, all vanilla on the nose and warm, full-bodied palate. Great value of its distinctive type.

Les Terres Fines 1989 Dry

Muscat £3.59 and Chardonnay

£3.49.

Not often Chardonnay is beaten into second place in any price ranking but the blowsy, grapey aromas of the Mosels are admittedly much more characterful than the neutral nose of the Chardonnay. Both wines are clean, crisp and models of modern winemaking. Le slightly characterless.

MARSH & SPENCER

SLIVEN £4.49 (see Thresher).

Vranac £2.55 (see Safeway).

Marsannay Vieille Vignes

1988, Regis Bouvier £6.99.

Ever since I tasted this I've been telling friends to buy it.

Red burgundy from older vines

grown in a village only just

becoming known here for reds.

Sturdy and for drinking over the next year or two, but better-made than many red burgundies at three times the price.

TESCO

Tesco's best wine bargain

of the year by far is their new book.

The Essential Guide to Wine by Robert Joseph. Conventional publishers must weep to see what a lavish and informative book can be offered (at Tesco's superstores only) for £5.99 if you cut out the middleman. The store's wines are less exceptional.

The quality of their German

wine (about which I shall be writing in the New Year) is

admittedly better than most supermarket's and they pride themselves on their range of up to 40 different champagnes of which Cattier 1982 is deliciously creamy but it is £22.99.

WHITE

Don Davies Blanca, £3.20.

At a price that suggests oak

essence rather than barrel,

this Spanish table wine is the

</

A chef talks turkey

David Dorricott, executive chef at a top London hotel, explains how he and his brigade cook Christmas lunch

IF THIS were television, cooking a typical Christmas lunch for 400 would simply involve taking 20 24lb turkeys which I happened to have prepared earlier. Sadly, in hotel kitchens, no such short cuts are possible.

A typical December day starts at 7am. The hotel butcher removes the breasts from the turkeys, cuts a pocket in them, which is then filled with a mixture of sausage meat, glazed caramelised chestnuts and diced celery. The drumsticks are separated from the thighs, de-boned, rolled and tied, while the bones, together with onions, carrots, celery, bay leaves, thyme, peppercorns and parsley stalks, go into 80 litre stockpots to make the jus, or gravy.

From 7.30am vegetables and all other deliveries arrive. There are 400 standard shopping lists on my daily food market list but this expands dramatically at Christmas to include exotic such as wonderful clementines spotted on the Paris market and bought to dress the hotel lobby to give away to our guests. Some 40lb Brussels sprouts are delivered. They are much too large and are returned to the supplier who has 1/4 hours to replace them. The 800 nicely

shaped potatoes for roasting are fine.

My deputy at the London Portman Intercontinental, the sous-chef in charge of the banqueting chefs, constantly checks details. Even in the most organised kitchen, someone will decide to use one vegetable for a purpose other than that for which it was ordered. The silver trays are scrutinised and the consistency of the jus tested; for the 400 guests there are 15 litres of jus containing six bottles of wine. The first course, a leek terrine on a bed of wild mushrooms, is served. It has used 35 cases of baby leeks, two cases of girolle, two cases of black trumpet and three cases of *pied de mouton* mushrooms; five chefs have been occupied for four hours slicing mushrooms, preparing leeks and lining moulds.

Magically, 40 silver soup tureens appear just as the terrors leave the kitchen. Nobody at catering college teaches you how to judge how long it will take to fill these tureens or whether they will fit in the available space. Only the ritual of filling them over and over again makes this go right. Now to the turkeys. Two slices of breast and one of thigh per person, which are carved after the soup has been

served. To maintain their flavour, to keep the breasts moist and to brown the turkeys evenly, there have been cooking since early morning under covers of muslin soaked in clarified butter, which maintains flavour and moisture and browns the meat evenly. The sprouts, this time the correct size, are heated in butter and, as the soup tureens are returned to the kitchen porters, the noise is exasperating.

The logistics of lighting 40 Christmas puddings at the same time would defeat many a kitchen brigade, regardless of size. The secret lies in serialised ranks of waiters who, with piping hot puddings in their hands, walk past a chef stationed just outside the ballroom door. Ladle in one hand, a saucepan of flaming brandy in the other, well away from the fire detector, he dexterously coats each pudding as waiters cross to the "stage".

This busy banqueting period ends by December 23 which allows me the luxury of planning for Christmas Day itself. The logistics of day are very different from any other day of the year. Although only 12 of the total brigade of 40 will be needed, arranging the staff rota until after the New Year while trying to keep all the

chefs happy is almost impossible. There are some inducements, however, to work on Christmas Day: chefs are offered two days off in lieu or overtime at double pay which can reward them with an extra £50-£70. Taxis are included and, if rooms are available, they can stay overnight in the hotel. Consideration is taken of religious and family commitments and those who do work on Christmas Day are free on New Year's Eve. Part of any executive chef's job is, regrettably, to work on both.

Christmas Day is also different in the kitchen because none of our suppliers is working. Everything, we hope, is in stock and the loading bay is deadly quiet. Work progresses uninterrupted. While the turkeys cook the larder prepares the first course and any last minute details are checked by the sous chef - the number of children, the odd vegetarian meal and even a birthday cake.

Meanwhile, one less well-known tradition is enacted. From the kitchens of some of London's top hotels, the executive chef quietly slips away and, still in his whites, makes his way to the small office occupied by Peter Kromberg in the kitchens of the Inter-Continental, Hyde Park



Seated: Peter Kromberg (Intercontinental Hyde Park); from left: Eddie Fitzpatrick (Forum); Martin Hollyer (Britannia); David Dorricott; Keith Stanley (Ritz); Michael Coaker (Mayfair); David Nicholls (Royal Garden); and Anton Mosmann (Mosimanns)

for what has become known as KCO (Kromberg's Christmas Quaff). For the past six years a number of colleagues and friends who are all working on Christmas morning gather for a glass or two of champagne

the day. After 45 minutes it is back to work.

We will serve 180 for Christmas Day lunch. The hum of conversation and the sound of crackers leaves no one in the kitchen in any doubt that people are having a good time.

Gradually, the noise in the kitchen dampens as stomachs begin to fill and soon there is just the clearing up to be done.

At 5.30pm we - the chefs and waiters - sit down to our well deserved lunch, and over a few glasses of wine wish each other, and our customers, a Happy Christmas.

■ David Petrie, who featured in our article on banqueting on December 8, is Banqueting Manager, Inn on the Park, Hamilton Place, London W1. tel 071-499 0638, fax 493-1895.

Cookery

Alternative pudding

Philippa Davenport with a few frothy and festive confections

THE SPICED beef, cooked and wrapped, rests in the fridge after its heady scented cure. The ham, its knuckle smartly dressed with a frill, is ready and waiting in the larder.

The Christmas bird is plucked and its giblets have made a richly savoury stock. The wines, cheeses and nuts are laid by, leaving only perishable vegetables and fruits to be bought.

For one blissful moment Christmas catering seems to be under control. And then I remember the pudding - or rather the lack of one.

It is far too late now to start stirring up a plum pudding mixture and I don't think I could face all the chopping, grating and baking needed to make first mincemeat and then mince pies. What the hell.

The idea of Christmas without the usual pudding and pies has a certain appeal. Instead of all that stodge how about whipping up a few frothy and alcoholic confections?

PRUNE & PORT WINE JELLIES

These are dark and fragrant, and have a good kick to them because only some of the port is heated. Bring very slowly to simmering point 1/2 pt each of tea and port with 1/2 lb sugar, a bruised cinnamon stick and the finely grated zest of an orange.

Cover and leave to infuse for 30 minutes before straining the liquid on to a dozen prunes which have been stoned and chopped. Leave until cold then strain off the liquid and soak them dissolve one tablespoon of gelatine powder in it.

GINGER SYLLABUBS

Another seasonal favourite, this is blessedly quick and easy to prepare. Mix two tablespoons each of lemon juice and syrup from a jar of stem ginger with 2 oz icing sugar. When smoothly blended add 1/2 of finely chopped stem ginger and six tablespoons dry sherry. Slowly pour on 1/2 pt chilled double cream, stirring with a whisk all the while. Then whisk until the mixture holds its shape and spoon into six little custard cups or glasses.

TIPSY TRIFLE

If you have a little more time and energy to devote to pudding making, this might make a popular choice. Put into a 3 1/2 pt glass dish a slightly stale Victoria sponge

SMOKED SCOTTISH SALMON

The very best 1lb sliced pack £8.15. 2lb sliced side £26.75+. All sizes between. VAC Pack. 1st class post paid. Cheque with order to:

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NUMBER X. OF SWEET FAREWELLS (AND SWEETER BEGINNINGS).

GLENMORANGIE

10 YEARS OLD

SINGLE HIGHLAND MALT

SCOTCH WHISKY

John Murray is a Seasoned Observer of the effects of Time and Change upon the Men, and upon the whisky which his skill helps to coax from Ross-shire Barley and Spring Water; (to

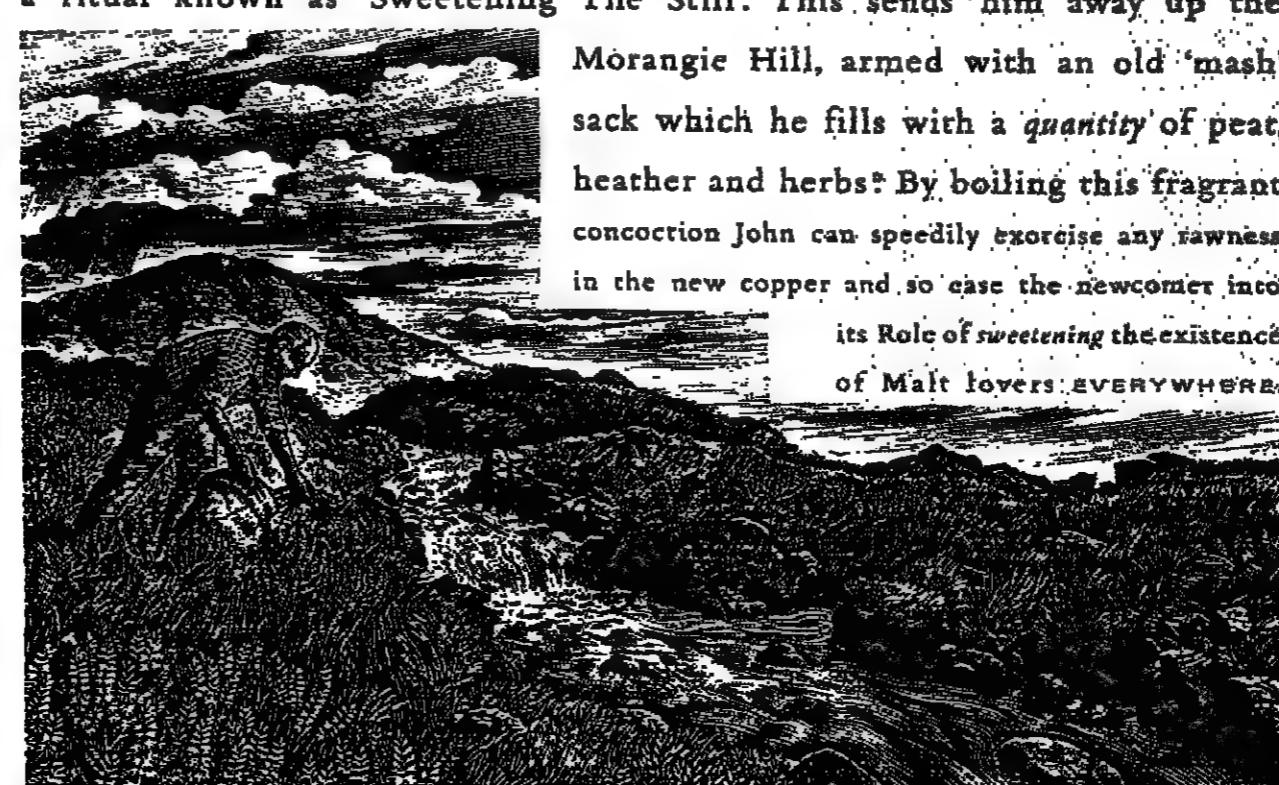
John falls the duty of WELCOMING in the new Distillation'). Over the years he must occasionally ACCOMMODATE a significant newcomer at the Distillery, in the elegant swan-necked shape of the New Still. The replacement of these Distillery work-horses involves John in a ritual known as 'Sweetening The Still'.

This really are very special, deserving to be served with a little panache in silver bonbon dishes or in decorative boxes or baskets padded with cushions of white tissue paper.

Let everyone help themselves to a few clusters and drop individual raisins into their glasses of chilled sweet wine. The idea is to let the raisins soak for a minute or two so they soften and swell a little before scooping them out with a teaspoon to eat.

A TRIO OF GRAPES If you want to take the idea a step further, accompany Malaga raisins and pudding wine with grapes served in two other glasses. First, a dish of fresh hothouse grapes, the best you can find, large, luscious and fleshy, with a fine bloom to their skins.

Second, a dish of frosted grapes. Choose a small seedless variety of grape for frosting. Divide the bunch into clusters and dip each mini-bunch first in raw egg white, then in sugar. Leave them in a warm kitchen on a tray lined with greaseproof paper for an hour or so until the coating has dried to a crystalline sparkle.



*HANDCRAFTED by the SIXTEEN MEN of TAIN.

A. AS DISTILLERS PHOTOGRAPH
JOHN MURRAY AT THE
REFINERY CEREMONY -
HONORABLE INVITES, GIVEN THAT
THE NEW BREW OF AVERAGE
SINGLE HIGHLAND AND
PRACHTIGE WHISKY.

B. AS DISTILLERS, AS MANY FROZEN
PRACHTIGE RIESAUS THE SPRING BAR
ACQUIRED THE CHALMERS AND
SHAW OF NEW MALT THIS IS
WALTHEM DISPOSED TO THE COLD.

C. REPLACING A. STILL IS A
PARADELYNCE RITUALISTIC EVENT
AT GLENMORANGIE, AS IT INVOLVES
THE RELEASING OF THE STILLS, WHICH
DOES NOT OVER THE WHOLE
COUNTRY OF SCOTLAND - GLENMORANGIE
THAT ONLY THE PRACHTIGE AND
SWEETENING INTO THE
NEW MALT OF TAIN.

D. SWEETENING THE STILL
DOES DURING THE SWEETENING
SEASON - AUGUST - WHEN PEAT
AND SWEETENING ARE, ESPECIALLY
IN THE COLD.

John Murray

GARDENING/TRAVEL

BETWEEN THE droughts and the weird winter it has been hard enough to know what to do with the garden. It has been even harder to know what to do with the house. What if you have borrowed too much for comfort or, worse, if you have been trying to sell? I have a suggestion. Why not uproot during Christmas, head for the bottom of the garden, and leave the rest of a credit-worried world to live with its own hunch?

I suggest that you climb high, the higher the better. A few weeks ago, I referred to the house in a large oak-tree where the Roman Emperor, Caligula, entertained his guests to dinner. I also compared it with a tree-house which I thought that I remembered in the book *Swallows and Amazons*.

Shrewd readers of the FT know that their Swallows and Amazons and have told me ever since that there are no tree-houses in the book. Hammocks are swung between trees on the children's island, but, if you want a real tree-house in children's fiction, you have to look back to the Swiss *Family Robinson*. Alternatively, you could look back to the exploits of someone called Milly Molly Mandy, whom I expect that we would all prefer to have forgotten.

Caligula, anyway, did have one and would dispose of unwanted guests when he had enough of them. I am not suggesting that you take Caligula as your role-model for Christmas, but I do think that there is scope for the imagination among the trees and perhaps I can help you start it swinging. It might even be possible to live an entire life above ground.

Julio Caravino invented an 18th century baron who lived his life above ground in woods. The story has appeared in paperback in a collection called *Our Ancestors*. Up in the trees, the young baron studies the intellectual subjects of the Enlightenment; he entertains a bandit and becomes a magnetic object of local gossip. For half the year, the elegant Viola rides out to visit him and they make love in the branches of old trees.

The baron has no idea of her promiscuous life for the rest of the year in Paris until two of her Italian lovers meet one day beneath his tree. Viola

Put down roots, move into a tree house

Robin Lane Fox looks at the appeal of arboreal homes

tells them that she will favour the one who is willing to share her. Both agree at once to time-sharing: the young baron realises her infidelity and embarks on tragic tree-bound lament, which is a rich source of ideas for frustrated love.

In your trees this Christmas there will probably be no Violas: they spend the winter months in Paris. There may, however, be scope for imaginative building, for constructing a "chez-soi tout de chez-soi," as a recent number of *Elle* described the English tree-house for its French readers. One such builder, Anthony Aitken, has even written a book on the history of the species. His *Tree Houses* does a marvellous job, but it leaves me feeling that we are less keen on tree-living than our grandfathers.

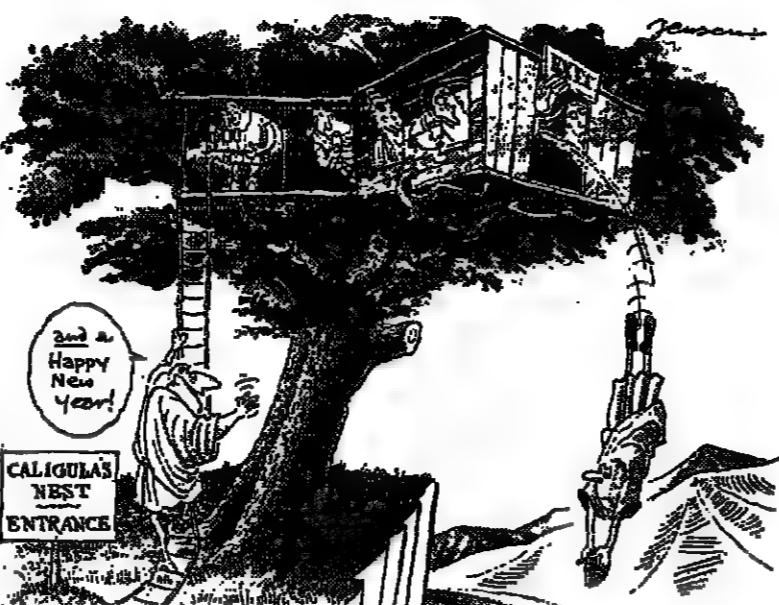
There is a strong Oriental tradition.

The homes for monks and solitaires in the branches of bamboo trees, the plane-trees of Iran, which used to have salms in them, or the great rain tree in Sri Lanka, whose house was a grandstand box for the elephant racing. We should exclude platforms built for hunting, although they can turn into tree-hotels. (Tree Tops, after all, began in this way in Kenya.)

Trees with hollows inside them are not the real things either, although English kings, highwaymen and runaway children have found refuge or a dark, spidered home in their enclosure.

In the 6th AD, an important Roman senator found an enormous hollow plane-tree in the province of what is now southern Turkey. He dined in it with 18 of his friends and, according to Pliny, "enjoyed himself more among the foliage than among the splendour of marble halls."

I am not suggesting you eat Christmas dinner in a tree trunk, but you



might enjoy it more if you took to the branches. In Cobham, Surrey, in 1620, you could have eaten it in a pheasant lime with three separate flares, one of which was a banqueting-house and the "goodliest spectacle," a contemporary tells us, "mine eyes ever beheld for one tree to carry."

In the turbulent year of 1848, Paris went one better. A restaurant-owner at Plessy so loved the Swiss *Family Robinson* that imitated their home: he put trellises of rambling roses round a huge chestnut tree and opened a restaurant in the top of it. It survived the revolution and was such a hit that dozens of trees were converted beside

it. Aitken describes the effect as "a romantic arboreal equivalent of dining by candlelight."

Champagne and roast chicken were

haulied up in baskets on ropes. "Aux arbres, citoyens!" I suppose the diners used to sing: all the trees have now been felled to make way for housing.

In Shropshire at Pitchford Hall, a tree-house is listed Grade I: it cost, its

owners nearly £15,000 when they restored it about ten years ago and, even then, it had not returned to its Georgian splendour. In the 18th Century, the Pitchford house was given a beautifully plastered interior, while the outside was surfaced with a coat-

worth having and will interest all your garden-minded friends once it starts to flower - you

may have to go to a specialist shrub nursery but it is quite widely available. The garden variety to select, if available, is called Luteus and has flowers that are yellow throughout without that rather dull purple patch.

Plant it against a sunny wall fence, spread out and tie in as many of its stems as possible

so that it should not dry out seriously at any time. Peat, leaf moulds and well rotted

garden compost can be used freely in the preparation of sites which should, for preference, be in full sun or at the very least with plenty of light which encourages flowering.

If pruning is necessary to keep a bush to its allotted space it is best done immediately after flowering. Some branches should be removed completely rather than shortened to preserve the bush's

natural shape.

Even more care is needed in pruning the winter sweet or chimonanthus - another of winter's top performers for scent although not an eye-catcher like the best of the winter sweet. The petals are almost transparent, the larger ones yellowish green, the smaller ones a rather dull purple and they are carried singly close to the older stems.

All winter sweet is not fussy about soil but it should be reasonably fertile and well drained. Annual climbers of not too dense a nature, such as sweet pea or ipomoea, can be run up through the winter sweet stems for summer display. When buying do not confuse chimonanthus with chionanthus, a totally different plant. If in doubt ask for winter sweet which cannot be confused with anything else.

an extra on the lesser ones.

The 2.5 litre, 4-cylinder

turbo-diesel is rough and noisy when fired-up first thing and when idling. It smoothes out nicely on the move but at no time would you mistake it for a petrol engine, as one might the urban but relatively lethargic 3-litre 6-cylinder diesel Mercedes puts in the G-Wagen.

On the motorway, the Range

Rover TD easily keeps up with

the pack. Driven considerately, its consumption is as good as 37 mpg (10.45 l/100km), providing you do not over-exploit its turbocharged acceleration.

Before experiencing the

costly delights of the wood-veneered

and hand-stitched Range Rover, I

had a good day testing the

latest Land Rover Defender

available in really rough driving

country at Eastnor Castle, Herefordshire. Axle deep in mud and clawing up gradients that would be difficult to climb on two feet, the Defender

turbo-diesel is in its element.

I would not choose to drive

one far on the road but in the

wilds of Eastnor it was unstoppable.

Feet off the pedals and with

low range first gear engaged,

the Defender diesel would

climb slowly and controllably

down slopes almost as steep as precipices. Nothing seemed

impossible for this man

among 4x4s.

It is a genuine off-roader -

the sort you clean inside with a hosepipe, not a Hoover.

or better than, many larger and far costlier cars.

Most new models are bigger

than those they replace, which

seems odd at a time of increasing traffic congestion. The new

Metro is no bigger than the old

one, just very much better.

Other Rover products, such as

the Honda Concerto and

200 and 400 models, have

done days for the only British

owned volume manufacturer

we have gone.

For design, quality and per-

formance, Rovers compare well

with all the competition. If

there were an award for the car

maker whose products have

shown most improvement,

it would have to go to Rover.

Redesigning the suspension

has given it a ride as good as,

which looked like stone. "A stone-built Georgian house with commanding views of its supporting branches..."

On the ground, the property market has certainly died throughout the green belt, but might there still be some action up the tree trunks? It has been an awful year for the agents, but they might be more cheerful if they knew G.K. Chesterton's advice.

One of the stories in his *Club of Queer Trades* suggests an unexplored way that the market may be slow at normal level. It centres on Lieutenant Keith.

The Lieutenant is an elusive man, but he gives his address as The Elms, Buxton Common, near Purley. The point of Chesterton's story is that he means the address literally. Purley contains "one of those ragged suburbs of the cosmos, half-forgotten by God."

The story's other characters cannot track down the Lieutenant until they take a hansom from a sure tradesman, Mr. P. Montmorency, who describes himself as an agent in arboreal villas. Arboreal agents do not sell ordinary houses: they sell the very thing we need, houses halfway up a tree.

Estate agency, Montmorency tells us, ran in his family, but he was a botanist at heart; he compromised and started this new trade. Apparently, there was quite a scope for it, even in the 20s, and insurance companies could have made worse buys. "It's being kept quiet at present because people who want these houses don't want them to get too common..." is this the answer, to the absence of the big Belgravian buyers: have they gone above ground?

Armed with this clue, Chesterton traces the Lieutenant to his home address. He lives in a villa concealed by two particularly tall elms equipped with his old cavalry swords and a liberal supply of champagne. It all sounds cosy and rather dotty, even when the wind blows.

So far as I can discover, The Elms, Buxton Common, did not survive Dutch Elm. It may, however, be that arboreal villa agency is still an active if little known market. If you are having problems moving, you might like to put out feelers.

On their long trailers sit four huge marmites each holding up to 12 tons of powdered lead-ore.

The great pots are topped with huge lids which have no visible fastening. I

confessed to a local that I was

afraid one of these giant lids

might fall off, roll down the

highway and crush my car.

"Oh no," he said earnestly.

"They are made of fibre glass

and fly like Frisbees."

The trucks are meant to set off at 50-minute intervals, but we came across half-dozens in half-an-hour picking them up carefully like great yellow insects through dried earth and shattered stumps on a mountainside where the highway was being rebuilt.

Just 50 miles north of Lake Bennett lies Whitehorse, the provincial capital. Nowadays the journey is quick and easy on the flat highway which arrows through the endless forest. For the prospectors, the trip presented potentially fatal hazards. Locals say Whitehorse takes its name from the white-capped rapids which mark the limits of safe navigation on the Yukon river. Paddle steamers would moor there and pick up the prospectors for the ride down-river to the Klondike. But before reaching Whitehorse the prospectors had to survive the sharp rocks, boiling currents and freezing waters of Miles canyon a few miles upstream. Many drowned.

Yukon Territory covers 206,000 square miles - more than twice the area of the UK. It has a population of 30,000.

About a quarter of those are Indian or aboriginal, and the balance immigrants. Although the dividing lines are blurred, in practice the economic and social divisions can be sharp.

The Indians and the government are currently involved in land claims negotiations. These are quite far advanced and propose that 16,000 square miles, 8.6 per cent of the Yukon, should be handed back to the Indians.

Whitehorse started coming to the Yukon in numbers in 1898, the year of the Klondike gold rush. Prospectors would land at Skagway and Dyea on the Alaska panhandle, 600 miles from Dawson City, boom town of the legendary gold fields in the heart of the Yukon.

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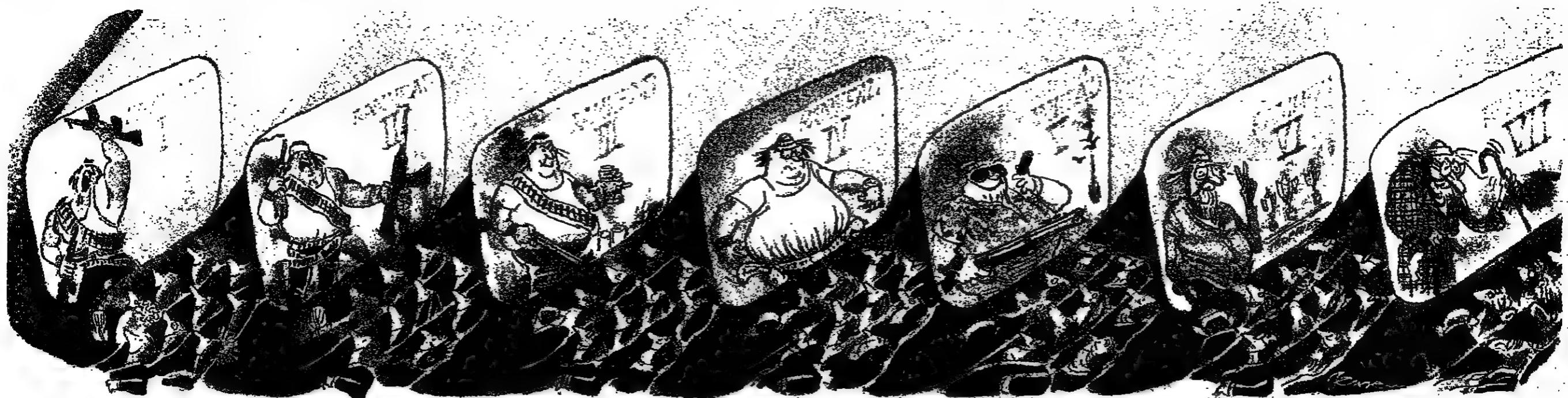
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than those they replace, which

seems odd at a time of increasing

traffic congestion. The new

ARTS/MUSEUMS



And now for something completely the same

Why don't Hollywood film makers allow a successful story to die gracefully? Nigel Andrews examines their passion for sequels

DURING THE late 1970s and throughout the 1980s only one thing in the world threatened to be more durable, and more phenomenal, than Mrs Thatcher - the cinema's trend for sequels.

James 2, Rambo 3, Halloween 5, Friday The 13th Part 9, Indiana Jones And The Last, Next or Unpleasant Crusade... the spin-off industry has been a marvel of our times. It has succoured ailing studios, pleased and exasperated millions of filmgoers, and answered that great question of the narrative tradition "What next?" with the answer, "Pretty much the same as before, with a few small but well-hyped differences."

Sequels of a kind have been with us through film history: from *The Perils Of Pauline* to the exploits of James Bond. Nor are stories that make a serial killing at the cinema the only example of our lust for narrative continuity. "Back by popular demand", is an age-old concept. Shakespeare dragged his former hero Falstaff from retirement to put him in *The Merry Wives Of Windsor*. Conan Doyle killed Sherlock Holmes at the Reichenbach Falls only to resurrect him for clamorous readers.

"Since cinema by nature bursts with repeatable sorcery - from stars to musical themes - it lends itself more readily than literature to recycled tales. But even by its own standards, moviedom's recent trend has been startlingly barefaced. Take a title: take a number; add one to the other; then loudly rattle the result and the audience will come running."

The studios' attitude to sequels is simple. I heard it first from Paramount production chief Ned Tanen, who gave the greenlight to hits such as *Crocodile Dundee 3* and *Empire Hills Cop 2*. "If a sequel is guaranteed to make money, you owe it to your shareholders to do the film."

Dunaway was more intuitive than she knew. It is the character who makes a sequel series. Hence the swift mortality of

movie sagas in which character takes second place to concept or creature.

"The reason I never made *Jaws 2, 3 or 4* was that it became hokey," says Steven Spielberg. "Audiences wouldn't buy the idea of a 26ft shark coming back every year to terrorise another beach, or an aquatic park, or a Caribbean island. It's just nonsense. Also, there were no characters in the *Jaws* films, they were all just shark bait. The only great character was Quint, played by Robert Shaw, and he was eaten in the first film."

"Whereas the character of Indiana Jones, and the way he's played by Harrison Ford, is what makes that a lasting series. You want to know more about him."

Suddenly Faye Dunaway sat up in bed and said 'Should I die or will it affect the sequel?'

you want to watch him go inexorably for the gold."

Character may be one *saga qua* now in a sequel saga. A built-in potential for continuity is another. "The reason I'd never make a sequel to *ET*," says Spielberg, "is that that kind of story can't occur twice. It had a definitive beginning, middle and end. It ended with a surge of music and the image of the boy looking into his own future, his own maturity. And that's it - you can't re-open that story and start fooling around with it." But what studio, if it could bypass Spielberg, wouldn't try?

Haunted by movies and movie ideas that come from back from the dead even when they don't want to, it's no wonder that Hollywood today is fixated on ghosts and forms of resurrection such as Spielberg's own *Always*, *Flatliners*, *Heartbreakers* and the smash-hit *Ghost*. Film about por-

ple returning to life for a second try bubble up from the brains of people living in a world where movies themselves - some pretty moribund to begin with - return to the screen for a second, third or fourth try.

Wherever one moves in Hollywood these days, the place seems bensibly self-referential. Sequels spawn like rabbits. Spooks are made of movies that sane citizens hardly remember (*Repossessed* lampooning 1973's *The Exorcist*). And remake projects, by contrast, barely sit out a decent period of mourning for their original before they exhume it, dress it up and shake it back to life. George Romero's cult black-and-white horror film *Night Of The Living Dead* has

sequel called *The Last Day Of The Dead*. Before these seven-figure windfalls, a young unknown called Peter Fonda earned \$400,000 and an executive producer credit for his first movie script *Flatliners* and recently *Flatliners* was rumoured to have been paid not for a script, not even for a treatment, but just for an idea.

A shrewd industry-watcher, recognising growing sequel fatigue even among hardened moguls, could have presaged this year's script boom some years ago. Back in 1988 I cornered some Hollywood screenwriters to ask them why they were all being promoted into successful directors. "It's supply and demand," said Barry Levinson, the man behind the \$170m hit *Rain Man*. "In the 70s and most of the 80s, the studios were paying big money to established directors who just weren't that good. At the same time there were a lot of hungry young writers pounding on the door saying, 'You like this script? Fine. Well, I'll direct it.' So the writer, the guy with new ideas who wasn't giving you *Jaws 8* or *Nightmare On Elm Street 3*, suddenly found he had a bargaining position."

That bargaining position has become gilt-edged in 1990. New power and riches have come to the people with the new story notions. Some Tinseltown's glory days are at this. "In the old days," says author William Fadiman, once script supervisor to Howard Hughes and L. B. Mayer, "Tim ... was the preserve of a great star! Such a sum would have been unheard of for the person who was regarded as just 7 per cent of a movie's cost." But Fadiman calms down enough to admit that today's highest rewards may produce more and better scripts.

These words are confirmed by Peter Fonda, who haulled in that cool \$400,000 for *Flatliners*. "Before I wrote *Flatliners*, I wasn't known in this town at all. The script was submitted to a studio by my agent, and by the end of the weekend ten

producers were offering to buy it. I think Hollywood today really is looking for fresh ideas. If you can get through the office door and pitch your story, and if it's really new, you have a chance."

It is heartening to see so much belated seal for the writer after nearly 100 years in which he has been the industry's doormat. Hollywood today has even started holding blind-bid script auctions. A number of producers are given, say, 48 hours to read a hitherto top-secret script, after which they must start yelling their bids.

Are we on the brink of a new, fresh film age? Is the storehouse of movie myths about to be replenished? Are the days of the numbered spin-off numbered? Sequel junkies need not despair yet. As 1990 ends into 1991, we still await *Predator 2*, *Godzilla III* and *Rocky V*, not to mention two non-digital sequels from Disney: *Three Men And A Little Lady* and *Good Morning Chicago*. (There are also dark rumours of a *Mary Poppins 2* from this studio.)

Speaking as a sequel-battered film critic, I doubt that such films are about to vanish from the earth. Nor perhaps should they: they have done the industry great service. In brute financial terms, the *Rocky*s of this world have helped keep Hollywood off the rocks. In non-materialistic terms, they have shone a flashlight on a classic audience characteristic: the yen for continuity. It is the same yen that fed storytelling in its oldest oral days, when "What next?" meant "Oh please carry on with the same tale, we haven't had enough." It is the same yen that makes children demand the same bedtime stories over and over again.

The only sin of sequels is their shamelessness. Making no comedic or generic excuses for their continuity - no *Son Of Indiana Jones*; no *Rambo's Daughter* - they just slap a number on and serve up the same dish. But I am too far gone as a film-lover to hate them. And they, I suspect, are too far gone as a tradition ever quite to disappear.

Workshop for warships

Gerald Cadogan visits an historic Kent dockyard

HOW TO KEEP a unique, successful and attractive new museum afloat is Lieutenant General Sir Stewart Pringle's daily challenge. The museum is the Historic Dockyard at Chatham in Kent, where Pringle is both chairman of the Dockyard Trust and its chief executive.

His museum is that rarity, a working museum on the spot where it all happened. For 400 years, from the Armada to nuclear submarines, the Navy made and mended ships at Chatham. Today visitors find it so engrossing that they stay on average 4½ hours.

The new attraction of 1980 is the Wooden Walls exhibition, which shows how a ship of the line was made. It is a multi-media Yorvik-type show with sounds, smells and full-size human figures and, as at York, it works. This is partly because the story is so complex that we could not master the details otherwise.

For example, what is oakum? Old hemp rope unplied. And its use? To drive into the seams between the planks and caulk with pitch to keep the ship watertight. How did the guns come aboard? By swinging them in on tackle through the gun ports. And why was everything on the gun decks painted red? So as not to show the blood.

The other reason why this exhibition succeeds is that Martin Caroe, the architect, has kept the majesty of the timbers and planks of the 1763 building. In the mould loft upstairs, a laser display re-enacts how shipwrights drew the ship's lines and cut the moulds (as full-size blueprints) on a floor 120ft square. Once a floor was laid on top. Somewhere beneath the present floor are the lines of Victory.

This factory for warships on the river Medway has something for everybody. The 376-yard long ropery still makes and sells ropes, while the sail and colour loft sews and sells sails, flags and hammocks. In one dry dock, the Trust is restoring the only extant Victorian sloop, HMS Gannet. In the next, a commercial firm repairs bulk load vessels and in the shed beyond, Osprey



Money for old rope: visitors to the museum can buy from the 376-yard long working ropery, which dates from 1791

upside-down ship, looks ahead to the cast-iron canopies of our railway termini. The ropey was built in 1791, when trouble with France loomed yet again, and in 1795 the yard had built HMS Victory, using designs that had improved after the British captured the French Invincible in 1747 and learnt their secrets. She was reflagged as British but later sank off Bembridge. Now she has been excavated and Chatham has her contents, including a square wooden plate for the original square plate.

But perhaps Chatham's biggest excitement is for the imagination. Look across its huge open spaces (the yard covers 80 acres) at the grand but functional Georgian and early Victorian buildings and you sense a vista of our country's history. The buildings, landmarks in themselves, fuse into the big events we learnt at school: Drake and the Armada, the Seven Years' War, Trafalgar, and the Lords of the Admiralty being able to send a gunboat anywhere, anytime.

The design of the huge wooden roof of the first covered ship (1830), like an

110,000, and hopes for greater visitor income after raising the prices. (The basic ticket is £4.50, excellent value for more than four fascinating hours.) He pushes ancillary income as hard as any tough Thatcherite through food franchises, location for films, a businessmen's lunch club in the crew's quarters of the 1763 Commissioner's House (our oldest surviving naval building); sales of rope, flags and sails; and by renting surplus space to 55 tenants, many of them marine businesses. The first of the 12 grand houses in the early-Georgian officers' terrace is now restored and on the market (on a 99-year lease).

But visitors, sales and rents, and grants from English Heritage, the Maritime Trust and the Bernard Sunley Foundation, and the establishment of a Friends' organisation, are not enough to run the yard on. Nor was the foundation grant of £11.3m the government gave in 1984.

To be permanently self-supporting, and ready for the visitors the Eurotunnel will debouch in Kent in 1993, Pringle is asking the government for £24.2m. The first job is to finish restoring the buildings (£15m). Some £2m will go on Ironclads which will develop the warships story from Wooden Walls to submarine.

Chatham's first ironclad ship was HMS Achilles (1863). The rest will be capital to fund the operating deficit.

Will he get it? Whitehall is listening, but is bound to want other sponsors. Pringle, former Commandant General of the Royal Marines, presses on for victory in the battle to complete a unique museum where the nitty-gritty of British naval power politics comes alive. As befits the Navy, it is neat, tidy and not at all sentimental and a helpful, friendly staff ensure that Chatham is a happy ship.

The Historic Dockyard is now open Wednesdays and weekends, 10am-4.30pm, and from Good Friday (March 23) 1991 Wednesdays-Sundays and Bank Holidays 10am-4pm. Frequent trains (45-60 minutes) from Victoria and Charing Cross to Chatham; then taxi or bus. More information 0333-622357.

True lovers of the grape have no time for gooseberries.



The finest port wines made for two.

Scrooge past and present

This was a sure-fire winner for Dickens, says Anthony Curtis

ON DECEMBER 27, 1853, and for two subsequent nights, a one-man show was staged in Birmingham Town Hall, its aim to raise funds for the Birmingham and Midland Institute. At the end of the performance, which took three hours (later cut to two), the performer, Charles Dickens, was given an ovation. His script was from *A Christmas Carol*. It was thus in Birmingham that Dickens's present as a reader of his own work burst upon the world. After a few more charity performances in different locations, Dickens gave readings from his work all over Britain and America for his own financial benefit, drawing capacity audiences wherever he went.

The *Carol* was always a sure-fire winner. "Never did we see or hear a man throw himself so entirely into the spirit of a book", wrote the reporter for the *Bristol Times* in 1858. Dickens identified himself totally with each character in turn, sustaining a huge range of vocal and facial expressions. After a while he knew the text almost by heart and would sometimes on the spur of the moment introduce fresh inflections and gestures.

Thanks to Charles Dickens: *The Public Readings*, edited by Philip Collins in 1975, not only do we have the text as performed by Dickens, but also the many stage directions which Dickens put in to aid his memory. This acting-text is notable for the omission of passages in the published version, such as the didactic section on Ignorance and Want. The word "Scrooge" is doubly underlined and was given such tremendous emphasis that it seemed Dickens uttered it, to make the old man incarnate before the eyes of the audience. The exclamation "Oh" which precedes "But he was a tight-fisted hand at the grindstone..." was drawn out for three or four seconds. Marley's

ghost spoke in a low, light voice by contrast to that of his business-partner's rasping tone as he snorted, "Bah! Humbug!"

The version of the *Carol* made by Dickens himself for performance is but one among many revised versions. Ever since the tale first appeared in 1843 as *A Christmas Carol in Prose, Being a Ghost Story of Christmas*, adaptations and revisions have proliferated. The *Carol* was the first of several novellas by Dickens with a seasonal theme, published in a self-contained, illustrated format around the middle of

the 1850s. The *Life and Times of Ebenezer Scrooge*, edited by Paul Davis £18.95, 222 pages

December, but unlike the others it acquired legendary status as soon as it appeared. There were several stage versions in Dickens's lifetime. Later two outstanding British actors, Bransby Williams and Seymour Hicks, took it over and gave it at length on the legitimate stage and also, ruthlessly cut down, in the music hall.

It has been equally popular in America in spite of its appearance just after *Martin Chuzzlewit*, which contained Dickens's savage satire on the American way of life. Lionel Barrymore used to give an annual radio performance of it over Christmas to an audience of millions. The basic plot has been re-worked in many later novels and stories; there have been innumerable adaptations for film and television. These later versions have done nothing to obscure the original Dickens story. On the contrary, it has been reprinted more than any other of his works, usually with new illustrations. Many of the real names in book-illustration have had a go at it, but none of them has done better than its first illustration and gestures.

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'Scrooge' by Ronald Searle, 1950

Within the brief compass of the *Carol* are found several more polarities basic to our society — employer and employee, charity and contract, the able-bodied and the disabled, and the many polarities that may subsist within large families. Dickens shows how, as the tale has been interpreted at different periods, one or other of these has been given peculiar prominence. Thus as Victorian society became more secular and agnostic towards the end of the century, the miraculous element tended to be played down and the "social gospel" aspect to be played up.

Wherever you place the emphasis, however, *The Carol*

will always be essentially the story of a conversion. The Scrooge of Stave One represents not so much a miser as an arrogant workaholic and monetarist who believes in individual effort as the only form of salvation. He is succeeded by a reconstructed Scrooge who has been made aware of the human implications of his harsh doctrine in the lower reaches of society, and who returns to his office a wiser, humbler and more compassionate man. Hopefully.

The Conversion of Scrooge is one of the necessary, sustaining myths of entrepreneurial society, originally formulated by its greatest writer of fiction.

Loved and left by the literati

Jackie Wullschlager considers the reputation of a fashionable and faintly vicious bluestocking

VIOLET HUNT wrote romantic potboilers and in many ways her life resembled one. She was Ruskin's fiancee and Somerset Maugham's lover; she flirted with H G Wells and confided in Henry James; Oscar Wilde almost proposed to her and Ford Madox Ford almost married her. She hoped for literary fame and marriage; she got only notoriety as a fictional wife, the model for Sylvia Tietjens in Ford's *Parade's End*'s fourth quartet.

The core of her life, as she wrote in her memoirs, *The Flurried Years*, was the time she spent with Ford between 1908 and 1914. Here, Joan Hardwick has put together the story of what happened before and after Ford, but the kernel of interest remains her influence on the pre-war literary whirlpool that included Ford, Ezra Pound and D H Lawrence.

We see a ripple or a big splash? Ms Hardwick makes a case for the novels — *The Celebrity's Daughter*, *Their Hearts* — as proto-feminist "austere truth-telling", and the better ones might today

AN IMMODEST VIOLET: THE LIFE OF VIOLET HUNT
by Joan Hardwick
Andre Deutsch £14.99, 203 pages

discussing literary history from a crassly oblique perspective.

Dotted with woefully inadequate criticism, gossip brings relief. Violet was famous for her viperish tongue; Ms Hardwick is milder. Here are Pound and Ford playing tennis with Lawrence as ball-boy; Buskin ("violets must be nicer than roses") promised Violet her Pre-Raphaelite family in compensation for the fiasco with Rose la Touche; Violet the "fashionable and

unreliable" French marriage followed an unreliable German divorce. Neither were valid in England and, when Violet signed herself Mrs Huchter, the first Mrs Huchter brought a lawsuit and won. They were still fighting it out in the 1920s when there was no Mr Huchter and Ford Madox Ford was living in Paris with someone else.

Violet clung to Ford — "poor fish, the hooks are through his gills", wrote Lawrence — but it was only a matter of time before he found a younger woman. The best revenge is to live well; Violet lived spectacularly. Ford fixed his eyes on her type of frantic obsession in his portrait of the difficult and

unhappy Sylvia Tietjens in *The Last Post*.



Violet Hunt: her life resembled a romantic potboiler

It is not a picture that would make one keen to meet Violet Hunt, and nor does this biography. Unlike Ford's, Ms Hardwick's portrait is desperately generous. But her simple analysis betrays no glimpse of having understood either the woman or her background —

Fiction
In 'The Magus' tradition

covers magical properties in it similar to Disko 38...

And so on. To say any more would only confuse the issue. All you really need to know about this book is that it is a very cerebral work, the product of a highly original and well-stocked mind. If you are into poetry, metaphysics, Kabalistic intrigue, you will find it thoroughly absorbing. If not, you should leave it well alone and turn perhaps to *The Best There Ever Was*, a second novel from John Ed Bradley, whose first, *Tigello Nights*, had a good reception on both sides of the Atlantic.

Bradley is a Pulitzer-nominated sports writer, and his subject here is American football, as played on a hick university campus in the deep south. The eponymous hero is Harold Gravely, coach to the first team, a legendary figure in football circles, so legendary that there is a plan to put up a life-size statue of him in his home town.

Harold is famous because his team won the national championship 30 years ago, after a rabble-rousing speech in which he exhorted them to go out and fight with their rear ends so extended that it would take a pair of tenpenny nails to keep

them tracks the books down to shop in Omaha and Iowa and defiance them with his autograph. While doing so he meets Poppy McCloud, his publisher's star author, a trashy novelist whose books sell in millions.

They go to bed together, Earl falls under his spell, Earl takes her in hand and shows her how to write properly. Poppy learns the lesson well, with disastrous consequences for her sales figures. The better she writes, the less her public wants to know, which is a good joke when you think about it, but not one that many novelists will appreciate.

Boone is a first novel by two young Harvard graduates, purports to be an oral biography of a seminal 1960s demon figure and may have inspired Robert Bloch's original novel.

He then argues that a 60-year-old Hitchcock brings of ageing stars (James Stewart, Cary Grant) and ageing genres (the picaresque chase thriller) decided to pre-empt the youthful revolution that might already have been stirring. He pre-empted it so successfully that it was ten years before films caught up with *Psycho* in terms of visceralism. In terms of artistic value, they never caught up with it at all.

In order to prevent the copies being sent back, which would make a considerable dent in the sales figures, Peck-

ham tracks the books down to shop in Omaha and Iowa and defiance them with his autograph. While doing so he meets Poppy McCloud, his publisher's star author, a trashy novelist whose books sell in millions.

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Financed by himself and

filmed with a largely TV crew, *Psycho* became a guerrilla production which still has ex-con-

From Galilee to El Salvador

Robin Lane Fox on the changing face of Christianity

THIS CHRISTMAS,

there are believed to be about 1,600 million Christians in the world.

The churches are experiencing strong numerical growth during the 1990s; analysts have already pencilled in 2.020m for the year 2000. It looks to be a great growth stock, but there may be problems in treating it as a unity: in places, it looks ripe for de-merging.

There is also scope for wondering if proper accounting procedures have been followed. The official expectation is that 32 per cent of the world's population will be Christian by the end of this decade. In 1980, about 50 per cent of them were classified as "committed and active" by the most up-to-date survey. There is no help thinking that the commitment is being exaggerated. Many people, I suspect, conform to a fine phrase given us by the editor of this new history: they "discover" the Christian vocation in times of crisis.

The most conspicuous

change is not in dispute: it concerns the distribution of Christian numbers in the map. The Latin American venture is helped by a soaring birth-rate and continues to outperform the traditional, core businesses. It now accounts for more than a quarter of the total Christian membership. For the first time since the 7th century, as the Bishop of Winchester reminds us, the majority of Christians in the world are not of European origin. The local difficulties of the Church of England may be fascinating, but they should not divert us from this unstoppable change: Christianity's congregations already cluster along the Equator and lands south of it. In thirty years' time this southern constituency will be the Christian majority.

Even so, it is not the fastest-growing subsidiary. In China, Christians are believed to have grown faster than anywhere else during the past ten years. Their progress is only moderately good news for the Church of England. Most of its new members have been found among groups of rural peasants. They gather in their own little house-churches, like the earliest Christians themselves. Each group may number less than twenty people and authority is very fragmented. If anyone wields it, it is the local leader. The leader, even among nominal Catholics, is as likely to be a woman as a man.

Will Chinese women soon be

speaking for a big Christian presence at world synods? How will Brazilians or Ugandans

look on Rome and St Peter's when their own religion grows to about 1,600 million Christians in the world?

These questions need to be answered with the dictionaries and pot-holed histories with which the Oxford Press has propped up its general list since 1980. It is not an intellectual lightweight.

It draws on eighteen experts, among whom are some of the big names of Christian scholarship in the English world.

It covers the entire story from Jesus to Pope John Paul II and from Galilee to El Salvador.

The period from 700 to 1400 is covered with particular elegance and sympathy, and the further

theologian is the most unusual

and fascinating titles for further reading and so wide a coverage and penetration. So many

wonderful, from the great

forefathers in Europe's

dark ages to the Jesuit mis-

sionaries of the Far East and

the fascinating links between

trade and evangelism.

In Canada, the French mis-

ionaries worked in the setting of a colonial presence, which this volume's editor characterises as a "vast fur-trapping organisation".

"Brandy for fur" is what it was in the interests of the French col-

ony to corrupt the Indians.

I have one caution and a general impression with which this book leaves me. In the main periods, all the contributors, I think, are committed Christians, and at times they resort to uplifted, inclusive optimism and an undivided assumption that Christianity is true and glorious. Women tend to be patted on their Christian backs in almost every chapter.

In the early Church in Latin America and in Africa, the churches appear to have just

the right place for everyone.

Here and there we need less

irony and paradox and more

detachment which is not so

concerned to give back more

with one hand than it has

suspended briefly with the other.

I leave this fine book with a

feeling that Christian history

has a way of repeating itself

across the centuries because so

much of it is a renewal from

its roots, enshrined in its

texts. In Latin America, a

"church of the poor" now con-

fronts the society of the very

rich; it was not so different

in early Christian East.

Christianity is also a continuing

question: in the late text

of the New Testament, Christian

is already beginning to

adapt to Greek thought,

not merely to Greek language.

I doubt if Jesus himself spoke

Greek or any such completely.

Nowhere, Christianity in

China, Japan and especially

Africa must adapt once again

to local cultures without

extending into every aspect of

a person's life, ethical and

intellectual life.

Christianisation can thus

mean many different things in

ways which would surely sur-

prise a global traveller.

ARTS

Saleroom End of the year blues

SOTHEBY'S global sales down 57 per cent to \$411.8m; Christie's registering a drop of 50 per cent to £334m; staff cuts at both houses running well into three figures, including such respected names as Christie's directors Anthony Thompson of the Islamic art department, and Richard Garner in clocks and watches; the disappearance of major pictures galleries like the Ashmolean, quelling talk over established dealers like Crowthorne of North End Road and others about the banks putting pressure on a leading trader in 20th century art, all point to the worst Christmas in the art market in recent memory.

It was totally predictable given the speculative element which had pushed prices up to unsustainable levels meeting an economic recession but the suddenness of the crisis is surprising. Until the summer there were just a few straws in the wind: the hurricanes arrived in November.

But the fall is still concentrated in post 1870 art, and investment led areas like classic cars. The more stable markets, like furniture, silver, jewels and books and Old Masters are affected by lower prices and some fall off in demand but sales are still reasonable. One furniture dealer, Norman Adams, has had one of his best December's ever.

For the salerooms the collapse of the Impressionist, Modern and contemporary art market has caused most of the problems. For Christie's, sales in this area were £120m as against £374m in the autumn of 1989. At Sotheby's the fall will have been slightly worse. Its policy of offering loans to potential buyers and guarantees to potential sellers was bound to end in tears, once confidence had ebbed. In addition new markets which experienced astonishing price appreciations, such as Scandinavian art, never had a firm collecting base.

Dealers enjoyed the price spiral for a while but as they borrowed more money from the banks and then discovered that they could not sell the pictures they had acquired, they had to either off load their stock at knock down prices, undermining the market, or go under. There will be more closures in 1991.

The smaller salerooms have survived surprisingly well. Phillips showing an annual fall of 3.5 per cent to £104.8m and Bonhams managing a rise of almost 25 per cent, to £22.3m. Continental dealers, who buy much furniture, silver and pictures from the smaller salerooms, are still active, aided by the fall in sterling.

There will be no quick solution. Vendors will hold off unless they have to sell. The auction houses will be selective in what they accept and will demand lower reserves. Dealers might pick up business which is scared of the public exposure of the saleroom. The genuine collectors might discover that they can afford to buy again, and the art market, after two years of aberration, will return to its traditional connoisseurship and stability.

Antony Thorncroft



Sotheby's is selling this print of an 18th century Japanese actor dressed for his role of a woman, in Tokyo on April 15, 1991. It will be the first public auction of Japanese prints ever to be held in Japan.

In the 19th century Japanese prints became very popular in the West, not least among the Impressionists, but only in recent years have they been seriously collected in their home land. The 200 prints in this auction come from the celebrated collection of Walter Amstutz, a leading Swiss publisher and pioneer sicker. He built up one of the finest groups of Japanese prints, including examples of all the great names — Utamaro, who concentrated on "large head" portraits of women; Harunobu, famous for his winsome women with their lovers; and Hiroshige and Hokusai who drew landscapes, such as the latter's celebrated "Red Fuji" and "The Great Wave", both included in an auction which is expected to total £2.75m.

The Japanese are still coy about bidding in public in Tokyo and Sotheby's is holding the auction in conjunction with Selbu, the department store which is also one of the main art dealers in Japan.

Theatrically unleavened fare

THE WARNING signs began a few yards outside the Dominion theatre where a scruffy red carpet signally failed to be bounded by celebrity feet. They continued in the foyer, with the Bread stall (signed posters and souvenir programmes with scarlet tassels), and in the vast auditorium, as the curtain rose on the TV studio set so familiar to consumers of this theatrically unleavened fare.

Carla Lane's long-running tale of ordinary Merseyside folk has its aficionados among collectors of Scouse ephemera, but the cosy appeal of a sitcom in which nothing happens reg-

ularly once a week is entirely lost in a giant-eating theatre such as the Dominion. It is rather like inviting the Archers to a Night of a Thousand Stars.

However much one might deplore the taste of a television spin-off like *Allo Allo*, at least it is packed full of incident. *Bread*, the stage show, is all talk of off-stage rows and reconciliations, studious with what could hardly pass as sense of Scouse wit. "You've got a gob like a cement mixer. Your stomach's like the bit at the end of a builder's chute" says mum to son. "You're the maypole and we're the little

ribbons," says son to mum. Different sorts of course, since it was a good Catholic family, there are plenty to choose from, all of them — with a nod to social realism — unemployed.

For those as yet unacquainted, these are the Bowells, whose domestic upsets include a father (Ronald Forster) who makes much hay with an Irish floppy on his allotment, a daughter (Melinda Hill), whose modelling ambitions are thwarted by marriage to a vicar, various sons in various stages of emotional dishevelment, and a central camp old grandad (Kenneth Waller).

Claire Armitstead

Scratch 'n' sniff time

THIS is the production of *The Love for Three Oranges* at the Coliseum with the scratch 'n' sniff cards. At given points during the performance the audience is told to scratch the cards that have been handed out and release an aroma appropriate to the action on stage. With attendance figures falling below expectation for their season of 20th-century works English National Opera will be hoping that what this revival brings them will be the sweet smell of success.

It makes a change to have Prokofiev served up as a Christmas show instead of the usual operetta and fairy tales. Almost none of the lighter Russian operas are comedies in the conventional sense and this one, the tale of a Prince who is unable to "laugh" is as bizarre as any. No matter how many funny faces silly costumes and eccentric characters it throws at you, there is always a danger that the audience will react like the Prince himself: "Laugh! Don't want to!"



The trick is to make sure that the production has a distinctive, original, zany style all of its own. Then anything goes. Anything may become funny. This is what Richard Jones's much-lauded production succeeded in doing and his oddball staging, with its courtes in gaudy and men in grey suits who dress back to front, has a touch of visual class that keeps the intellect occupied when the content of the opera is not of a mind to try.

It is crucial that the show

should feel fast-moving. As rehearsed by Tim Hopkins and conducted by Martin Andrié this revival leaves no serious doubts on that score and is also generally well cast. Alan Woodrow's Prince and Donald Maxwell's oily, creamy Prince Minister are familiar from his in gaudy and men in grey suits who dress back to front, has a touch of visual class that keeps the intellect occupied when the content of the opera is not of a mind to try.

The show might make a

good seasonal outing for the children. And then again, it might not. Most youngsters like a joke that comes at them good and honest, without pretence, rather than the abstract and decidedly arty sense of humour in which Prokofiev, ever the modern artist, liked to indulge. The piece is really a pantomime for adults and those with a nose for a stylish opera production will want to sniff it out most eagerly.

Richard Fairman

Radio

Sentiment for drama

No DOUBT about it, British middle-class sentiment is a useful commodity for the drama, even when it doesn't lead to a car chase or a knife in the ribs. We had two classic examples last Sunday. Terence Rattigan's *The Browning Version* on Radio 4 and Michael Frayn's *Benefactors* on Radio 3.

When he saw *The Browning Version* in 1976, three decades after writing it, Rattigan conceded to the director that "some of the language, particularly in the love-interest scenes, was old-fashioned," and so it is. "We're finished," Millie - you and I" was not real lovers' even talk in 1947. Four out of the eight characters are rather dull people, and Rattigan has conceded that he has given them dull dialogue in order to ensure that not too much interest is taken away from the schoolmaster Crocker-Harris, his pupil Taplow, his wife Millie and her lover, the assistant master Frank Hunter.

Yet these characters, intrinsically dull or intrinsically interesting, are so masterfully

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It is fascinating to see how Frayn blends the progress of the plan with the course of the two couples' relations. Ultimately Colin stands as an independent at an election, and gets 173 votes and a divorce; while the redevelopment is cancelled, and resolved into one tower, half as high — which is awarded a prize. Michael Kitchen played David, Barbara Flynn his wife; Harriet Walter, sounding more bawful and timid than I ever heard her on stage, was Sheila and Clive Francis Colin Matthew Walters directed.

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'Attila' shrivels criticism

Opera North has confirmed this opera's quality, says Max Loppert

AFTER THE drought, the deluge — or, at the very least, a welcome shower, Verdi's ninth opera, long unperformed on British operatic stages, is this season on the bills of both the Royal Opera in London and Opera North in Leeds (and, subsequently, Nottingham, Birmingham and Manchester). This quick of planning affords the lucky operatic traveller the opportunity to catch the work twice in the space of two months — and, with it, the chastening recognition that the flaws, vulgarities, banalities, and lapses of logic that are the commonplace of *Attila* criticism simply shrivel in a half-way good performance.

Dealers enjoyed the price spiral for a while but as they borrowed more money from the banks and then discovered that they could not sell the pictures they had acquired, they had to either off load their stock at knock down prices, undermining the market, or go under. There will be more closures in 1991.

The smaller salerooms have survived surprisingly well. Phillips showing an annual fall of 3.5 per cent to £104.8m and Bonhams managing a rise of almost 25 per cent, to £22.3m. Continental dealers, who buy much furniture, silver and pictures from the smaller salerooms, are still active, aided by the fall in sterling.

There will be no quick solution. Vendors will hold off unless they have to sell. The auction houses will be selective in what they accept and will demand lower reserves. Dealers might pick up business which is scared of the public exposure of the saleroom. The genuine collectors might discover that they can afford to buy again, and the art market, after two years of aberration, will return to its traditional connoisseurship and stability.

Antony Thorncroft

THE WARNING signs began a few yards outside the Dominion theatre where a scruffy red carpet signally failed to be bounded by celebrity feet. They continued in the foyer, with the Bread stall (signed posters and souvenir programmes with scarlet tassels), and in the vast auditorium, as the curtain rose on the TV studio set so familiar to consumers of this theatrically unleavened fare.

Carla Lane's long-running tale of ordinary Merseyside folk has its aficionados among collectors of Scouse ephemera, but the cosy appeal of a sitcom in which nothing happens reg-

ularly once a week is entirely lost in a giant-eating theatre such as the Dominion. It is rather like inviting the Archers to a Night of a Thousand Stars.

However much one might deplore the taste of a television spin-off like *Allo Allo*, at least it is packed full of incident. *Bread*, the stage show, is all talk of off-stage rows and reconciliations, studious with what could hardly pass as sense of Scouse wit. "You've got a gob like a cement mixer. Your stomach's like the bit at the end of a builder's chute" says mum to son. "You're the maypole and we're the little

ribbons," says son to mum. Different sorts of course, since it was a good Catholic family, there are plenty to choose from, all of them — with a nod to social realism — unemployed.

For those as yet unacquainted, these are the Bowells, whose domestic upsets include a father (Ronald Forster) who makes much hay with an Irish floppy on his allotment, a daughter (Melinda Hill), whose modelling ambitions are thwarted by marriage to a vicar, various sons in various stages of emotional dishevelment, and a central camp old grandad (Kenneth Waller).

Claire Armitstead

THIS is the production of *The Love for Three Oranges* at the Coliseum with the scratch 'n' sniff cards. At given points during the performance the audience is told to scratch the cards that have been handed out and release an aroma appropriate to the action on stage. With attendance figures falling below expectation for their season of 20th-century works English National Opera will be hoping that what this revival brings them will be the sweet smell of success.

It makes a change to have Prokofiev served up as a Christmas show instead of the usual operetta and fairy tales. Almost none of the lighter Russian operas are comedies in the conventional sense and this one, the tale of a Prince who is unable to "laugh" is as bizarre as any. No matter how many funny faces silly costumes and eccentric characters it throws at you, there is always a danger that the audience will react like the Prince himself: "Laugh! Don't want to!"

The trick is to make sure that the production has a distinctive, original, zany style all of its own. Then anything goes. Anything may become funny. This is what Richard Jones's much-lauded production succeeded in doing and his oddball staging, with its courtes in gaudy and men in grey suits who dress back to front, has a touch of visual class that keeps the intellect occupied when the content of the opera is not of a mind to try.

Richard Fairman

No DOUBT about it, British middle-class sentiment is a useful commodity for the drama, even when it doesn't lead to a car chase or a knife in the ribs. We had two classic examples last Sunday. Terence Rattigan's *The Browning Version* on Radio 4 and Michael Frayn's *Benefactors* on Radio 3.

When he saw *The Browning Version* in 1976, three decades after writing it, Rattigan conceded to the director that "some of the language, particularly in the love-interest scenes, was old-fashioned," and so it is. "We're finished," Millie - you and I" was not real lovers' even talk in 1947. Four out of the eight characters are rather dull people, and Rattigan has conceded that he has given them dull dialogue in order to ensure that not too much interest is taken away from the schoolmaster Crocker-Harris, his pupil Taplow, his wife Millie and her lover, the assistant master Frank Hunter.

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Private View

Uncorking authors

Christian Tyler talks to Jock Murray, one of the last publishers of the old school, about the owls and the larks, about Byron, Conan Doyle and Shaw

IS THERE some secret affinity between the profession of publisher and the profession of butler? The first time I saw Jock Murray, the sixth John Murray of that ilk, he was butting away at a book launch in the drawing room of the famous family publishing house in Albemarle Street, Mayfair. Only his bow tie (he has 33, of them, two more than he has years) and a certain mischief in his eye gave him away. The next time I met him, he told me that his childhood hero was a butler called Barnes:

"I so admired the way he coped with the Thursday lunch parties for authors, who would ring up to ask if there was a spare place. Barnes kept a blacklist in his wasp-coloured waistcoat. I used to wonder what it was that made some unwelcome - he would sometimes say there was no place.

Occasionally, I found out.

"I admired the laying of the table, the serving, the cleaning of silver, the opening of bottles and I struck a bargain that if he would teach me the mysteries of all these things I would let him play with the trains in my nursery. I thought the bargain was in my favour. And how right I was."

In another mouth, those words might sound like an upper-class affectation. But there is a solicitous, almost Jeevesian attentiveness about Jock Murray - when pouring a glass of Vouvray, pressing you to another cream cheese and honey sandwich, or helping you on with your overcoat - that suggests humility born of real enthusiasm for other people.

And that, I suppose, is what the art of publishing is about. Modesty may have stifled Murray's own ambition to write and confined him to the vicarious pleasures of editing others' work, but he is not so disingenuous as to hide this virtue in himself.

He quoted from a letter in the family archive which described him as "the only publisher in whose company a failed author could sit at ease."

"I think that's the most wonderful recommendation," he said. "I'd like that in my obituary."

Sixty years of getting the best out of others, and memory that stretches back more than 200 years to the founding of the firm in 1768, have given Jock Murray a sympathy for the foibles of authors that must be unrivalled in British publishing.

"Whenever I read a book I wonder if the author is a lark or an owl," he said. "I wonder how they bear the weight of words and ideas whirling in their heads, while appearing normal. Publishers instinctively look behind the creative words to identify the human being."

"Who, for instance, could by reading Jean Rhys's novels have seen the character behind them? Or indeed Eric Gill's domestic life from

studying his typesfaces." He laughed wickedly, cocking an eye to see if the allusion had struck home.

Hopping about the room, he produced manuscripts of some of the authors closest to his heart in order to illustrate his point: Byron's *Don Juan*, as effortlessly curvaceous as a Mozart score; John Betjeman's *Summoned by Bells*, revealing idiosyncratic attempts at ordinary punctuation; or Patrick Leigh Fermor's *Between the Woods and the Water*, a jumbo-sized pad containing the second part of the trilogy which has been struggling from the author's perfectionist pen at the rate of one chapter a year.

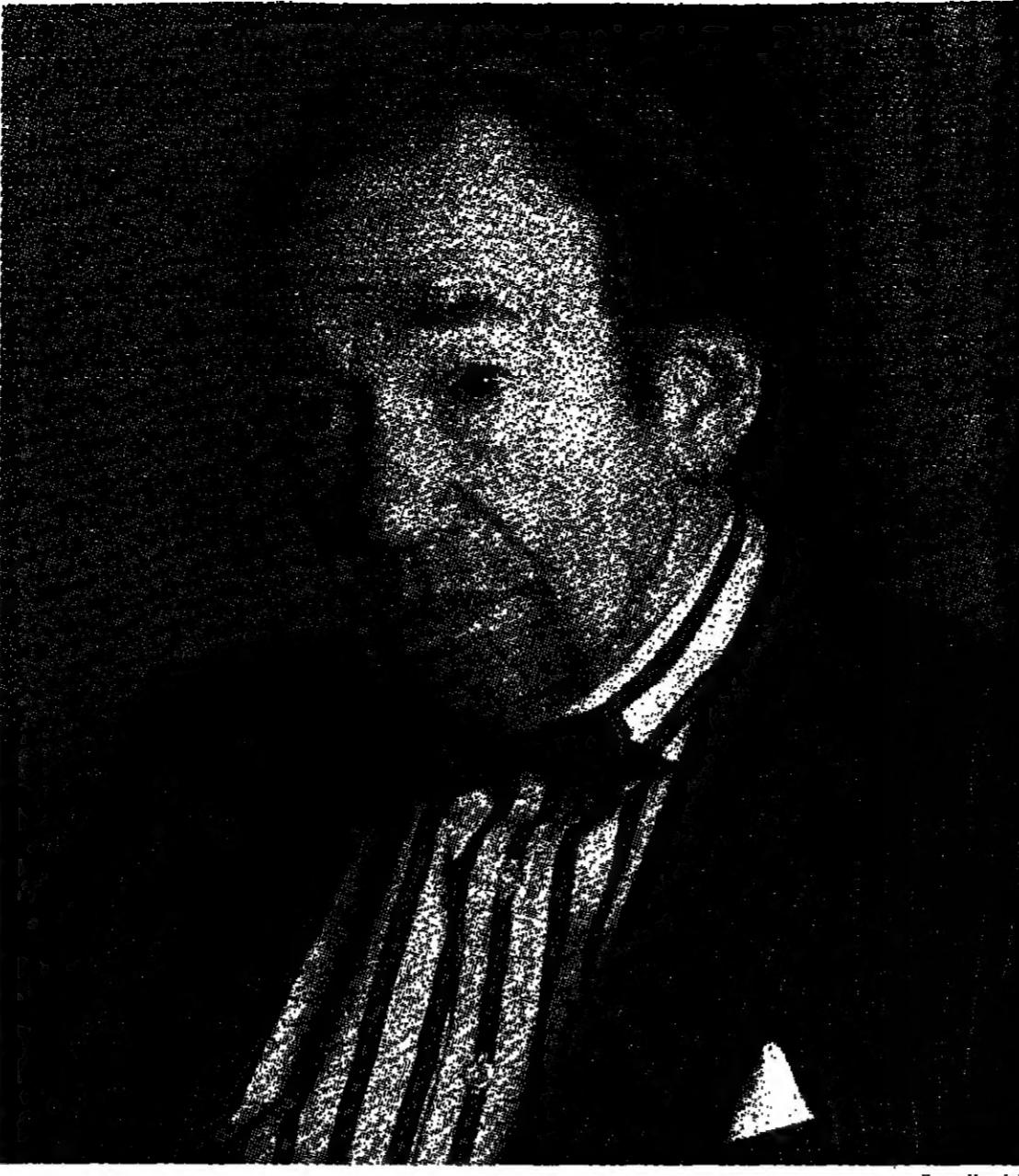
Murray fossicked for further evidence in his little black commonplace book ("a thing that everyone should keep"), noting how Alexandre Dumas could only write love scenes with his bedsocks on, how Dr Johnson kept orange peal in his pocket, or how Melvyn Bragg could only start a new novel on a Monday.

If Barnes the butler taught Murray the secret of dealing with other people, it was Sir Arthur Conan Doyle who inspired his fascination with authors:

"During one of my holidays from school, when my grandfather was ill, Conan Doyle called in with new stories which we published as *The Casebook of Sherlock Holmes* in 1927. He treated me with such courtesy as though I was a grown-up, asking me to let him know if anything more was needed, that I fell under his spell. If this is an author, I said to myself, what fun to be a publisher!"

Taken on as "slave and bottlewasher", he trained as a printer during the holidays with John Gibbons of the Golden Cockle Press in Berkshire.

"I can thus claim to be the only publisher, indeed the only printer (a suppressed chortle hints at what is to come) to have typeset in the nude. At that time, Gibbons was going through his nudist phase (Murray cannot contain it now)



Trevor Humphries

Journals Murray edited with Leslie A. Marchand and whose tendency to interrupt the conversation he has consciously to resist.

"Deceased authors can keep publishers on their toes even more than living ones - in one case particularly poets beginning with B." (Byron, Browning and Betjeman).

He said Byron's request from Italy for Edinburgh powders had an echo when Freya Stark wanted nail polish and medicines from South Africa. John Murray III's freighted purchase of the remaindered copies of Darwin's *Voyage of the Beagle* which led to the *Origin of Species* was echoed later on in the reprint of Kenneth Clark's *Gothic Revival*.

There was Iris Origo, who wrote asking for typed copies of her own illegible letters; and Axel Munthe, author of the best-selling *The Story of San Michele*, "who taught us to be patient, since he wrote one book every ten years", and Osbert Lancaster "whose typing went on long after the paper had passed the point of impact."

He recalled, too, being sent by George Bernard Shaw to discuss the editing of some letters Shaw had sent the abbess of a convent.

"I was asked to wait. When she led me through she turned slyly and said: 'Oh, Mr. Murray, you are accustomed to talking through a double grille, aren't you?' And I

Murray regrets what he calls the loss of contact and continuity between publisher and author. Without that, he said, "Well, we should just be sausage-machines."

What has money done to publishing and writing?

"I think money has destroyed quite a number of authors, because it has all seemed so easy and because they haven't had the stamina." Today's promotional tournaments could be terrible, he added, because it was so hard on the authors not promoted.

Big-money publishing was a problem for the established companies, too, which had to watch while authors new and old were seduced with advance royalties that had no chance of being recouped.

Once, you could publish three or four losers before one gain. Now you have to be very devoted to

publishing. But when a publisher admires and believes in an author, the burdens, in the words of Jeremy Taylor speaking of matrimony, are delightful." Do you remember his sermon? Or, in that hymn the words of George Herbert: the drudgery is divine."

I pressed Jock Murray to say how he would wish to be remembered. He thought for a while and replied: "That during my life I was able to stimulate authors to create their best. And, proud of that as I was, I could still feel modest and genuinely be so... and that having given up thought of being a great author, I was the next best thing."

The White House is in ecstasy. At

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which I thought was unfair. Because when he had nothing on he appeared to be wearing a fur coat." A triumphant snort rounds off the story.

Jock Murray steps in and out of the past as easily as you or I will walk from room to room. The house in Albemarle Street, looking today much as it did when John Murray II bought it in the early 1800s, is suffused with ghosts - in particular, of course, the ghost of Byron, whose collected letters and

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Murray recalled how the explorer David Livingstone refused to let a celebratory portrait hang in Albemarle St - until that is, he caught a much less flattering glimpse of himself in the waters of Lake Nyasa.

There was Dean Stanley, whose handwriting was so bad that, when he was asked to elucidate, he replied: "Only God and I know what I wrote, and I have forgotten".

said: "To tell you the truth, I'm not and I'm terrified." Oh, she said (with a Worcestershire accent), you needn't worry about that. They're not like them Carmelites what have spikes on their grilles." However, I discovered that you can say what you like through a grille: I even thought of putting one up in here for talking to authors."

As you would expect of the head of an old family business in a world of conglomerates (the chairmanship has passed to his son, John VII),

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The way to survive is to do your own thing."

Teresa McLean talks to Lois Small on life with a Test cricketer

Lois's own thing?

"Arranging hostesses for conferences, through a company I founded, called Mine Hostess."

I bet Lois is slim, with highlighted hair, and looks on easy terms with the world. She said she gets into such a rhythm of her own without Gladstone that it is quite hard to adjust when he comes back, though she obviously misses him and they talk on the phone whenever possible. I was not surprised to hear that her ambitions for Zachary exclude cricket. "There's no money in ordinary county cricket and no-one in their right mind watches it. It's a dead dreary bankrupt non-event. Much better go for golf or tennis."

Gladstone, I was assured, agreed with her about county cricket, and if he does not establish himself as a regular Test cricketer will think of something else to do. Apparently, he likes Australia and gets on well with the Australians. This is his favourite tour, as it is Lois's, so the Smalls find themselves in the slightly odd position of Gladstone, born

in Barbados and brought up in England, quite liking the idea of living in Australia while Lois, born and brought up in Australia, feels "quite Angloised" and prefers it over here.

They live in Worcestershire while Gladstone plays cricket for Warwickshire. On his occasional days off, he catches up with the local club and keeps his hand in at West Indian cooking, for which he has a lively talent.

Lois shows me the tatty pasture behind their house, complete with two horses and two dogs - a way of life she enjoys and values for occupying her while her husband plays himself to extinction. I asked if there was anything arranged to help Test wives manage - meetings, entertainments or the like - and she gave a grim little laugh before saying no.

She is friendly, but not intimately friendly, with some of the other Test wives, whom she has only limited opportunities to meet. A high proportion are divorced or separated and, not surprisingly, the few happily married ones, such as Alice Hemmings, Brenda Gooch and Aileen Russell, take care to lead private lives.

Lois was well into her stride by now and made it clear in blushingly terms that it is not much fun if you try to help yourself by joining the tour, as she was just about to do. Wives are tolerated, not encouraged.

"Get this. In this is hard to believe. Until the last Australian tour women were not allowed to have Christmas lunch with their husbands."

When I talked to Lois, she could not wait to get out there, but that was largely because she was going home, where her parents would spoil her and look after Zachary while she caught up with old friends. Gladstone, she said sadly, would be playing cricket almost every day of her two-month stay, with only Christmas Day and January 2 off. He likes touring better than she does.

Nonetheless, given that she was due to fly out the day the snow settled heavily on Birmingham and Gladstone badly strained his thigh muscle, I dare say she would not be pleased to fight her way out there only to find Glad-

stone about to be flown back to Britain. The question of wives, specially wives with children, joining touring parties is a slightly more difficult one than Lois can see. Conservative thinking is that if wives are allowed to join tour parties, fiancées will soon have to be allowed, and then what about girlfriends about to become fiancées?

Travel is easier nowadays, which lessens problems associated with travel flourishes in complicated abundance.

"This is not a line Lois has much time for."

English cricket is not distinguishing itself in Australia but Gladstone, says his wife, is optimistic, as are his team-mates, that English cricket will recover. One of her final remarks gave just a hint of some of the possible complications and changes of atmosphere that might surround England's beleaguered team when women like Lois join their husbands on tour.

"If I played cricket, which God forbid I'd be a Dennis Lillee with snorting nostrils, breathing fire as I charged in to bowl. But Gladstone is not like that. He's a quiet and steady bowler. It's too boring for words."

There was just one subject on which she had no hesitation in being even more discouraging.

"The only thing worse than cricket is cricket journalists. They're the real, the ultimate pain."

We laughed ourselves legless.

Hubble bubble I see trouble

Michael Thompson-Noel

YOU may not believe this, but for reasons mysterious I enjoy one of the highest security ratings used by the White House. I used to be on Level Eight, which meant that I was told about small wars and famines. Then it went to Nine - large wars and banking crashes, plus religious speculation. And then it went to Ten.

The things we get to hear about on Level Ten are secrets so stupendous that they can only be vouchsafed to an audience of seven: President George Bush, the chairman of the US Joint Chiefs of Staff, the top man at NASA, ditto Natu, the head of the World Bank, Chancellor Helmut Kohl - and me.

I am the odd one out, but try telling that to the intelligence man from the US embassy in London who delivers these secrets to me in a large green envelope.

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